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HON. ERNEST F. HOLLINGS, *Chairman*

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UNITED STATES SENATE

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LETTER OF TRANSMITTAL

U.S. SENATE,
COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION,
Washington, DC, January 28, 1988.

DEAR COLLEAGUE: To accompany the funding resolution adopted by the Committee on Commerce, Science, and Transportation for the Second Session of the 100th Congress, the Committee has prepared a summary of its goals and objectives for the coming year. This summary, to be submitted to the Rules and Administration Committee on February 4, 1988, is attached.

I look forward to working with the members of this Committee as we make every effort to meet our goals as presented in this report.

Sincerely,

ERNEST F. HOLLINGS, *Chairman.*

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FULL COMMITTEE

LIABILITY INSURANCE

The Committee intends to continue to review issues relating to the availability and cost of liability insurance for all lines of property-casualty coverage. The Committee has had a long history of involvement with insurance matters. During the 99th Congress, this Committee held six hearings and five mark-up sessions before reporting product liability reform legislation. The Committee held a hearing in the First Session of the 100th Congress regarding general product liability issues, and this year will continue to examine the controversy revolving around product liability reform and its impact on commerce and consumers.

MINORITY BUSINESS DEVELOPMENT

Since its inception by an Executive Order in 1969, the Minority Business Development Agency (MBDA) has operated in the Department of Commerce with the charge of developing and coordinating a national program for minority business enterprise. The MBDA provides constituent services to minority businesses, particularly through its nationwide network of Minority Business Development Centers, which are designed to provide management and technical assistance to minority business enterprises.

On November 4, 1987, the Committee was referred legislation to provide statutory authority for MBDA to be made a permanent agency under the jurisdiction of the Department of Commerce. This legislation, S. 1848, arises in part out of recent efforts to transfer MBDA to the Small Business Administration. The Committee intends to hold a hearing on S. 1848 early during the Second Session.

AVIATION

INTRODUCTION

The Committee exercises authorization and oversight jurisdiction over those Federal entities responsible for U.S. domestic and international aviation policy, principally the Department of Transportation (DOT) and the Federal Aviation Administration (FAA) within DOT. The Committee is also responsible for authorizing funds for the National Transportation Safety Board (NTSB).

The Committee begins the Second Session of the 100th Congress with several priorities in aviation, the foremost being ensuring aviation safety. The record levels of air traffic, the competitive pressures of airline deregulation, and the limited availability of resources from the Airport and Airway Trust Fund have contributed significantly to public concerns that the margin of safety in our Nation's air transportation system has been reduced. The Committee believes that vigilance must be maintained to ensure that the traveling public benefits from every available safeguard.

AUTHORIZATIONS

NATIONAL TRANSPORTATION SAFETY BOARD

The NTSB was made an independent Federal agency by statute in 1974. Its primary responsibilities are to determine the probable cause of transportation accidents and to formulate safety recommendations to improve transportation safety.

The Committee remains committed to providing adequate funding for the NTSB. In this light, the Committee reported S. 623, the Independent Safety Board Act Amendments of 1987, early in the First Session. This three-year bill, which was unanimously approved by the Senate, provides funding levels needed by the NTSB to continue existing staffing and program levels for Fiscal Years 1988 through 1990. The Committee awaits action by the House of Representatives on this critical legislation ... hopes that it can be signed into law early in the Second Session.

OVERSIGHT AND OTHER ISSUES

AVIATION SAFETY

Of the Committee's aviation oversight responsibilities, safety remains the most important. Public awareness and concern with the safety of our air transportation system was heightened in 1987 by 4 accidents involving major U.S. air carriers and 35 accidents involving commuter airlines that resulted in the loss of 297 lives. Furthermore, by any measurement—whether it be the 1,056 near midair collisions, the 1,228 air traffic controller errors, or the 3,424 pilot deviations in 1987—all of which were increases over 1986 figures—it is clear that problems in the air traffic control system continue to threaten the safety of the traveling public.

To address these concerns, the Committee will be conducting a number of aviation safety oversight hearings during the Second Session. On January 29, the Committee will hold a field hearing in Phoenix, Arizona on FAA proposals to restrict the flight of general aviation aircraft at that airport and several other major airports around the country. A second hearing will be held early in the year to review recent actions taken by the FAA since Senate confirmation of Administrator T. Allan McArtor in July, 1987. This FAA oversight hearing will be one of several that the Committee expects to undertake in the coming year.

The Committee is also very interested in the outcome of two pending studies on aviation safety being conducted by the Office of Technology Assessment and the Byrd Aviation Safety Commission. Both reports are scheduled to be completed early this year, and the Committee expects to hold hearings to review their conclusions and recommendations.

In addition, the Committee will be carefully monitoring the progress of the FAA in implementing provisions of the Airport and Airway Safety and Capacity Expansion Act of 1987 (Public Law 100-223). The Committee remains dedicated to seeing that the Airport and Airway Trust Fund is utilized for expansion of our Nation's airports and airways. In this regard, the Committee will monitor the FAA's efforts to ensure that the 10-year National Airspace System Plan proceeds on schedule and that funds appropriated for the Airport Improvement Program are used to develop additional capacity at both large and small airports. The Committee also will work to ensure that the FAA undertakes the safety mandates specified by Public Law 100-223, particularly with respect to airborne collision avoidance systems, as expeditiously as possible.

Finally, the Committee will continue to monitor airport security. While the exact cause of the tragic December 1987 crash of a Pacific Southwest Airlines aircraft ... California that claimed 43 lives remains uncertain, there is strong evidence to indicate that airport security screening procedures failed, allowing a former airline employee to board an aircraft with a gun and mortally wound the flight crew while in-flight. Subsequent actions taken by DOT and the FAA, designed to increase security by requiring airline flight crews to be screened prior to boarding their aircraft, are still being fully evaluated. Additionally, during the coming year the Committee will continue to monitor the effectiveness of the International Security and Development Cooperation Act (Public Law 99-83), enacted in 1985 to encourage foreign governments to improve and maintain better security systems and procedures at airports throughout the world.

INDEPENDENT FAA

Legislation, S. 1600, was introduced in 1987 to remove the FAA from DOT, establishing it as an independent agency. In recent years, there has been increasing concern that, in focusing on political matters, the Secretary of Transportation and Departmental staff may have hindered FAA initiatives aimed at enhancing air safety. S. 1600 was introduced in

the belief that an independent FAA would be better equipped to maximize aviation safety.

Three days of hearings were held last year on S. 1600, which has numerous cosponsors in the Senate. Additional hearings are planned for early in the Second Session, in particular to provide an opportunity for the Secretary of Transportation to testify concerning the Administration's position with respect to this legislation.

AIRLINE DEREGULATION

It has been over nine years since Congress enacted legislation to end economic regulation of the airline industry. Since 1978, there has been a significant restructuring of the domestic airline industry. New entrants among the major carriers have, for the most part, come and gone. Competitive pressures have encouraged the remaining carriers to merge into a few mega-carriers that provide virtually all the service.

The Committee is concerned that the competitive pressures of deregulation may have caused a reduction in safety and quality service in the airline industry. The Committee held three days of hearings in 1987 to examine the effect of deregulation on both safety and the quality of service, keeping in mind the possible need to consider some form of re-regulation. During the Second Session, the Committee will continue to consider actions necessary to ensure that safety and service are not sacrificed for profits by the airline industry.

During last year's hearings, there was considerable testimony on how competition has diminished as a result of the trend toward industry consolidation. As carriers have merged, the number of airlines engaged into head-to-head competition has diminished. In this regard, the Committee looks forward to a General Accounting Office study examining the levels and effects of airline concentration at certain airports. The Committee is also concerned that the current industry structure may limit opportunities for new entrants and small independent carriers to compete effectively.

AIRPORT ACCESS AND CAPACITY

In recent months, a number of airports have initiated proposals designed to limit access by commercial air carriers based on aircraft size or noise. Boston's Logan Airport, for example, in an effort to increase efficiency, has issued a proposal to restructure aircraft landing fees to favor larger commercial aircraft operations. At San Francisco International Airport, local officials have proposed limitations on nighttime commercial operations based on aircraft noise. Because of the effect these proposals would have on the entire air transportation system in this country, the Committee will be closely following their progress and the FAA's response.

The Committee is also concerned about on-going efforts to limit the capacity of the Nation's air transportation system. The Committee is particularly concerned that the full effect of these initiatives is unknown and requires further study. Accordingly, every effort will be made

during the coming year to review proposals to restrict flight operations, the need for such restrictions, as well as their effect on air travelers.

Finally, the Committee continues to remain concerned about how access to those airports with a limited number of slots will be allocated. Testimony before the Committee during the First Session highlighted difficulties air carriers are currently having in gaining access to slot-controlled airports, and raised concerns about whether the existing scheme of allowing airlines to buy and sell these landing rights has failed. The Committee will continue its efforts in the Second Session to ensure that airport slots are allocated in a manner that is consistent with the public interest.

AIRLINE CONSUMER PROTECTION LEGISLATION

In response to the rash of problems experienced by air travelers, such as record airline delays, flight cancellations, overbookings, and lost baggage, legislation was approved last year by the Committee and later by the Senate designed to improve airline scheduling practices and provide more information for air travelers on the quality of commercial service. H.R. 3051, the Airline Passenger Protection Act of 1987, which is awaiting action by the conference committee, would require DOT to issue monthly reports on airline performance, to ensure realistic flight schedules, to establish a 24-hour toll-free consumer hotline, and to establish an advisory committee headed by the FAA Administrator to determine the appropriate level of capacity in the air traffic control system. The Committee remains committed to enactment of this legislation and will work to achieve such a result early in the coming year.

DRUG AND ALCOHOL TESTING LEGISLATION

Legislation requiring testing for the unlawful use alcohol and illegal drugs by airmen, flight crew members, airport screening personnel, and other safety-sensitive employees in the FAA and airline industry (as well as certain railroad and motor carrier employees) has been approved by the Committee and the entire Senate as an amendment to H.R. 3051, the Airline Passenger Protection Act of 1987, which is awaiting conference committee action. This legislation was introduced to ensure that those associated with the safe conveyance of travelers are not impaired by the use of alcohol or illegal drugs. Hearings held in the 99th Congress and early in the First Session of the 100th Congress highlighted the threat that substance abuse poses for the transportation industry.

The legislation approved by the Committee and in the Senate would seek to deter the use of alcohol and drugs through five types of testing, including random, pre-employment, post-accident, periodic recurring, and upon reasonable suspicion. It would also require the Secretary of Transportation to ensure testing procedures are developed to protect individual privacy, ensure accountability and integrity of specimens, require confirmation of all positive screening tests, mandate the use of only certified and accredited laboratories, provide for the confidentiality

of test results and medical histories, and ensure nondiscriminatory and impartial testing methods. Guidelines developed by the Department of Health and Human Services to ensure accuracy in testing would be incorporated into the Department of Transportation's standards. This legislation would also require the Secretary to mandate the development of rehabilitation programs for certain employees who are found to have used illegal drugs or alcohol.

Because of the importance of this legislation to the safety of the traveling public, the Committee intends to work for final enactment of this legislation early in the Second Session.

AIRLINE LABOR PROTECTION LEGISLATION

Last year, the Committee reported legislation that the Senate subsequently agreed to as an amendment to H.R. 3051, the Airline Passenger Protection Act of 1987, relating to airline labor protection provisions. Specifically, this legislation would require the Secretary of Labor, in certain circumstances, to impose labor protection provisions designed to offset any adverse consequences on airline employees that may result from a merger or major transaction between two airlines. Similar legislation has also been adopted by the House of Representatives and is the subject of consideration by the conference committee on H.R. 3051. The Committee intends to work for final enactment of this legislation, including provisions establishing labor protection provisions, early in the coming year.

GENERAL AVIATION LIABILITY

Legislation has been introduced in the Senate to establish uniform Federal standards for liability resulting from accidents involving general aviation aircraft. Hearings were held late in the First Session on S. 473. General aviation manufacturers testified that increased liability costs have limited the sale of new aircraft and thus threatened the future of the domestic general aviation manufacturing capability. Trial lawyer and consumer groups oppose the bill as an unreasonable limitation on the manufacturers' liability at the expense of injured parties. The Committee intends to continue its consideration of this legislation and these conflicting views during the Second Session.

NOMINATIONS

There is one pending nomination for membership on the NTSB and one other vacancy as of February 5, 1988. Also, the NTSB Chairmanship will expire in August, 1988. Finally, the position of Deputy Administrator of the FAA remains vacant.

COMMUNICATIONS

INTRODUCTION

The Committee has virtual plenary authority over communications policy. The Committee can adopt policy in all areas and aspects of communications—domestic and international—including broadcasting, cable television, telephones, and the electromagnetic spectrum. In addition, the Committee oversees the key agencies and laws concerning communications policy as well as nominees to top positions in these agencies and their budgets. It actively supervises the key policymaking agencies: the Federal Communications Commission (FCC) and the National Telecommunications and Information Administration (NTIA). It also has oversight authority over the Corporation for Public Broadcasting (CPB) and the Communications Satellite Corporation (Comsat). By virtue of this extensive authority, the Committee has, for example, the ability to delve into such areas as international telecommunications, national security and emergency preparedness communications needs.

There is no question that the telecommunications industry is among our country's most dynamic. The combination of new technologies and aggressive entrepreneurs has moved this industry from one dominated by a few to one where competitors are burgeoning and competition is growing. In such an environment, policies meant for more staid times not only serve little use but might even be harmful. At the same time, however, we need to remember that our overall objective is to serve the public interest and that competition is only a means to that end. For at least the past decade, this Committee has worked to ensure that communications policy reflects this changing environment so that the public interest continues to be served. The Committee intends for such an active role to continue and, in fact, be enhanced.

AUTHORIZATIONS

FEDERAL COMMUNICATIONS COMMISSION

Beginning in 1981, the Committee increased its oversight of the FCC by instituting a biennial authorization process. Prior to this time, the FCC had a continuing authorization. The FCC believed this necessary to supervise more closely the numerous and far-reaching decisions of the FCC.

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In 1987, the Committee reported the FCC reauthorization for fiscal years 1988 and 1989 (S. 1048). The reauthorization bill has not been considered by the full Senate pending examination of several important and immediate matters, including the licensing of non-wireline cellular telephone providers in rural areas and the entry of U.S. firms into foreign markets. A hearing on the cellular issue is scheduled for January 27, 1988. Committee staff is reviewing information on the telecommunications access to foreign markets issue. The Committee expects that the Senate will complete action on the FCC reauthorization bill early in 1988.

NATIONAL TELECOMMUNICATIONS AND INFORMATION ADMINISTRATION

The NTIA also is subject to a biennial authorization. As the principal telecommunications advisor in the Executive Branch, NTIA is involved in establishing policy in all areas of communications. In 1987 the Committee reported S. 828, authorizing NTIA for fiscal years 1988 and 1989, which is now pending before the Senate. Action on this bill should be completed early this year. The bill includes authorization for NTIA to re-establish the Peacesat communications system in the Pacific Basin. Under the terms of this bill, NTIA shall study the long-term options for replacing the services of the National Aeronautic and Space Administration satellite that was decommissioned in 1985. NTIA shall also spend the funds necessary to secure satellite services and facilities so that the remote Pacific Islands can regain communications links to important educational, cultural and medical centers. The Committee will continue to monitor the activities of NTIA in carrying out the provisions of this bill once it is enacted.

PUBLIC BROADCASTING

The Committee has been deeply involved with public broadcasting since the advent of television, and it was instrumental in establishing the CPB. It has now become clear that the character of public broadcasting has evolved greatly and while the accomplishments of our public broadcasters have been significant, problems do exist. Last session, the Committee held a hearing to review the state of public broadcasting and determine whether significant changes should be made. Some members of the Committee believe that one of the major problems is that there is no long term funding for public broadcasting. S. 1935, the Communications Transfer Fee Act, would require users of the radio spectrum to pay fees upon the transfer of their licenses and the establishment of a trust fund for public broadcasting.

The CPB and the Public Telecommunications Facilities program have an advance triennial authorization that the Committee will act upon this session. The next authorization will be for fiscal years 1991, 1992, and 1993. The CPB and the Facilities program are designed to promote public broadcasting service to as many Americans as possible. The Committee will hold hearings on the public broadcasting authorization in early 1988.

OVERSIGHT AND OTHER ISSUES

The Committee plans extensive and regular oversight of the various communications agencies and laws. The Committee firmly believes such oversight need not await reauthorizations or other specific legislation. Examination of numerous areas is already planned.

INTERNATIONAL TELECOMMUNICATIONS

At the beginning of 1987, the Committee started an examination of the state of international telecommunications, particularly in relation to trade in services and equipment. The Committee will continue this examination in 1988 and plans to hold a hearing in the early spring. Competition in our telecommunications markets has opened great opportunities for other countries. We have imposed few barriers on foreign suppliers; yet, we are often not treated equally in return by foreign administrations. As a result, our industry has had a very difficult time exporting its services and equipment overseas. In many instances, the old foreign telephone monopolies remain completely in control and funnel purchases to only in-country suppliers. Even where greater competition is nascent, there are frequently barriers far higher than we impose. The result is that the United States no longer has a telecommunications trade surplus but has a growing trade deficit.

The issue of international telecommunications and the effectiveness of our policies goes well beyond traditional trade matters. The provision of services and goods by our telecommunications industry is influenced greatly by a number of international organizations—both worldwide and regional. For example, the International Telecommunications Union holds regular conferences on how to allocate the electromagnetic spectrum and establish standards for the provision of telephone services. While these conferences only issue recommendations, they are usually seen as binding. With such great stakes, the United States must work hard to further its viewpoint. Yet, we face severe political barriers and need to determine how best to overcome them.

The dilemma of how to further our policies overseas also arises in our dealings with Intelsat (the International Telecommunications Satellite Organization). The support of the United States for Intelsat is a good policy. This organization has achieved much success in providing worldwide telecommunications services. At the same time, numerous opportunities have arisen, because of new technologies and aggressive entrepreneurs—both old and new, to provide more services at lower cost. In following its domestic policies, the United States has adopted policies that promote new entry in international markets. In particular, the Committee is monitoring the status of the international separate satellite systems and their ability to obtain landing rights in foreign countries. The United States now needs to determine how best to pursue both of these goals and how to work in the international environment to do so.

The Committee's examination of international telecommunications includes a review of the 1962 Communications Satellite Act and the 1978

International Maritime Satellite Telecommunications Act. These laws authorize Comsat to be the representative of the United States before two international organizations, Intelsat (for communications between countries) and Inmarsat (for international maritime communications). Since these laws were passed, both technology and U.S. policy have changed greatly. The result is that the economic interests of Comsat at times diverge from the policy interests of the United States and Comsat is placed in the position of representing positions that are not in its best corporate interest. It is important that we now determine if the requirements in these laws should be altered. A staff report on this matter should be issued in the middle of 1988.

BROADCASTING

Last session, both the Senate and the House passed legislation, S. 742, the Fairness in Broadcasting Act of 1987, making the Fairness Doctrine an explicit statutory obligation. The President vetoed the bill, and the veto message was referred back to the Committee. The FCC then repealed the Fairness Doctrine policy and in that decision laid the groundwork to eliminate several related policies. The Committee will revisit the issue this session.

Recognizing that competition in the broadcast industry has increased, the FCC, over the past decade, has adopted a series of deregulatory measures. These range from the removal of certain broadcast requirements in the radio and television deregulation proceedings to the lifting of trafficking requirements to the loosening of ownership restrictions. This Committee has supported many of these measures, and, in fact, passed legislation of its own to codify, and even extend, them. At the same time, the Committee continues to believe that the public trustee responsibilities of broadcast licensees are important.

The Committee began its examination of the broadcasting industry's responsibilities last session with the hearings on S. 1277, the Broadcasting Improvements Act of 1987. That legislation contains provisions addressing the following: elimination of the comparative renewal process; reinstatement of the anti-trafficking prohibition; elimination of the must-carry sunset provision; codification of the minority and female preferences, and distress sale and tax certificate policies; codification of the multiple ownership rules; and prohibition of swaps of noncommercial VHF channels for commercial UHF channels. The goal of the bill is to alleviate certain regulatory burdens on broadcasters, while strengthening the public trust requirements.

The provisions addressing the comparative renewal issue generated a considerable controversy, which has yet to be resolved. Although broadcasters want the renewal process revised, they have difficulty with the establishment of public interest regulations. Thus, this entire issue may not be resolved in the near future.

Other goals of the bill have been achieved. The FCC appropriations legislation, which was contained in the fiscal year 1988 continuing resolution, requires the FCC to reinstate its minority and female preference polices and prohibits the FCC from approving VHF/UHF

swaps involving noncommercial VHF stations. In addition, the appropriations legislation prohibits the FCC from altering one of the multiple ownership rules, the newspaper/television cross-ownership rule.

MEDIA CONCENTRATION

Over the past five years, there has been a continuing debate about the need to restrict the ownership of media properties. The FCC has taken action to relax limits, while members of Congress have sought to retain them. S. 1277, the Broadcasting Improvements Act of 1987, proposed to codify the FCC's current rules restricting multiple ownership of broadcast and other media outlets.

The concentration of ownership issue is not limited to conventional broadcast services. The FCC is presently conducting an inquiry into cable concentration and is considering a proposal to permit telephone companies to own cable systems. These proceedings will be carefully scrutinized by the Committee. The Committee will also be watching the marketplace closely to ensure that the owners of media do not use increased vertical control of programming to unduly increase their horizontal market power.

MUST-CARRY

There is substantial support on the Committee for the reinstitution of rules requiring cable television systems to carry a reasonable number of local television signals, particularly the signals of public broadcasters and independent operators. After the D.C. Circuit ruling in the Quincy decision, the FCC, in 1987, revised the rules to reduce the number of stations that cable systems had to carry and included a five year sunset. The new rules were recently struck down by the D.C. Circuit in Century. Because of its commitment to the must-carry rules, the Committee intends to consider seriously how to reinstitute those rules so as to withstand court review. In light of the two adverse decisions, such consideration must necessarily be deliberate and careful.

SPECTRUM FEE/TRUST FUND PROPOSAL

As part of the Administration's fiscal year 1988 budget proposal, there was a proposal to adopt a spectrum fee by auctioning parts of the electromagnetic spectrum. Within the Committee, there was little support for this proposal.

As an alternative, the Committee reported during the budget reconciliation process another spectrum fee proposal that would impose a fee at the time a license was transferred. In addition, the Committee added to the fee proposal a provision to establish a trust fund for public broadcasting. A trust fund has been a long sought policy by the public broadcasters. Although this proposal was deleted from the reconciliation bill, the Committee will again consider it, holding hearings in the spring.

DOMESTIC COMMON CARRIER

The domestic telephone industry has been one of our most dynamic, and the establishment of policy has proceeded almost frenetically for the past fifteen years. The main objective of policymakers has been to move an industry dominated by a monopoly to one driven by competition, while retaining and furthering universal telephone service. There is little doubt that we have come a long way since new entry was first permitted, but we still have much work to accomplish. Significant market power continues to exist in many sectors, competitors still face barriers, and universal service is still a concern.

The Committee has been very active in shaping this new common carrier policy. In the late 1970's, many bills were introduced to revamp the Communications Act, and extensive hearings were held. In 1981, the Committee was successful in having legislation passed by the Senate, and in 1984, legislation was reported by Committee but was tabled by the full Senate. Since then, the Committee has vigorously overseen this area with hearings and frequent communications between it and the agencies involved in common carrier policy.

The Committee fully intends to maintain its prominent role in the establishment of common carrier policy. It will continue to pursue the twin goals of competition and universal telephone service, with a particular focus on the latter. The Committee conducted oversight in this area during the reauthorization of the FCC. The Committee also held hearings on the Modified Final Judgment (the AT&T antitrust consent decree) and the recommendations of the Department of Justice on lifting the restrictions placed on the seven Regional Bell Operating Companies (RBOCs). The Committee expects to hold additional hearings on this matter in the late spring or early summer. Finally, the Committee, as a matter of practice, will follow closely all common carrier actions of the Commission to ensure they reflect the public interest.

ACCESS CHARGE

Last year, the FCC adopted a proposal to increase the telephone subcriber line charge for residential users. When the initial charge was proposed in 1983, there was such concern in Congress that the House passed legislation to ban such a charge. Senate legislation to delay the initial charge was tabled by a narrow margin only after the FCC agreed to reduce the proposed charge. The Committee in 1987 scrutinized carefully the new subscriber line charge as well as the universal service and high-cost funds to ensure the public interest is protected, and the Committee decided no action was necessary at the time. However, it will continue to monitor these matters.

The Committee is also monitoring the FCC's expressed intention to apply the carrier common line charge to traffic carried by the enhanced services providers. While we have generally supported the FCC's efforts to treat equally carriers that use the network in similar ways, we are concerned about the difficulties in implementing this proposal and that the higher access charges will depress the growing enhanced services

industry. We will continue to oversee the FCC's efforts to make sure that it considers seriously the effect that this proposal will have on the industry.

THIRD COMPUTER INQUIRY

The Third Computer Inquiry decision of 1985 had many far-reaching proposals that will require elaboration. For example, what does the FCC mean by its comparably efficient interconnection and open network architecture standards? How will protocols be treated? How effective will the Part X accounting standards be in properly allocating costs? The Committee's oversight of these matters will, of course, be continuing.

The RBOCs and AT&T will be filing their Open Network Architecture (ONA) plans with the FCC on February 1, 1988. There has been a great deal of argument in various fora concerning the structure and design of the carriers' ONA plans. The ONA process also plays a key role in the debate over whether to lift the MFJ restriction on the RBOCs' provision of information services. The Committee must oversee the FCC's enforcement of these plans to ensure that they fulfill the requirements set forth by the Computer III order and that they also satisfy the needs of the information services providers.

PRICE CAPS

The FCC has proposed to replace rate of return regulation of AT&T and the exchange carriers with a system of price caps. "Price caps" are maximum rates. The FCC argues that a price cap regime will provide carriers with greater incentives to reduce their costs, thereby reducing the price of the services they offer to the public. Although there is evidence that improvements could be made to the rate of return method of regulation, some members of the Committee have several concerns about the price cap proposal. For instance, they question whether a price cap plan gives the carriers increased incentives to pass their cost reductions through to the public in the form of lower rates. They believe that even with a cap on prices, the consumer may end up paying higher rates than are justified. They are also concerned that price caps may give the carriers greater flexibility to alter their rate structure and possibly discriminate against the competition.

Based upon the initial notice of proposed rulemaking, the Committee is concerned that the FCC properly address the issues raised above, as well as other matters raised in the comments. The Committee will explore ways to ensure that the FCC will protect the public from unjustifiably high rates.

RURAL NON-WIRELINE CELLULAR LICENSING

Concerns have been brought to the Committee that the FCC's method of awarding cellular licenses by lottery encourages speculation and trafficking in these licenses. It has been alleged that, in the already-

concluded lotteries for metropolitan area licenses, thousands of applications were filed by individuals who appeared to have had no interest in constructing a cellular system and who sold their interest to established carriers for a great profit. The Committee is concerned by allegations that, as a result, the public has suffered a delay in the availability of competitive service and unnecessary cost.

The Committee is considering altering the lottery process before the FCC begins awarding the rural non-wireline licenses later this year. The Committee is interested in seeing that the public interest is served by a licensing scheme that assures high-quality, low-cost service to the public as quickly as possible. The Committee has scheduled a hearing on this matter on January 27, 1988. If legislation is found to be warranted, the Committee expects to act quickly in order to avoid causing any further delay in bringing this valuable technology to the residents of rural areas.

LEGISLATION TO MAKE TELEPHONES HEARING-AID COMPATIBLE

The Committe has been referred S. 314, the Hearing Aid Compatibility Act of 1987. This bill would make all telephones sold, rented or distributed in the United States compatible with "over-the-ear" hearing aids, according to regulations set by the FCC. Current law provides that essential telephones must be compatible with "over-the-ear" hearing aids and that all the phones sold in the United States must be labelled as to their compatibility. S. 314 is designed to improve the ability of persons with hearing aids to communicate over the telephone. The Committee will be holding a hearing on this bill after the FCC has issued its order in its ongoing proceeding concerning the deaf and hearing-impaired.

SCRAMBLING OF SATELLITE PROGRAMMING

During the past session, the Committee held a hearing on and reported the Satellite Television Fair Marketing Act, S. 889. The major provisions of the bill require that encrypted satellite cable programming be made available to home satellite antennas for private viewing, that satellite cable programmers not discriminate against distributors who are not cable operators, and that the Federal Trade Commission and the FCC conduct studies on certain aspects of the satellite television industry. The Committee expects that the bill will be considered by the Senate in the first half of the year.

HIGH DEFINITION TELEVISION

It is clear that High Definition Television (HDTV) is a great opportunity for mass media, at the same time that it causes significant problems, including the possibility that the HDTV will require reallocation of the spectrum to accommodate the technology. The FCC established an advisory panel, composed of FCC staff and industry representatives, to conduct a comprehensive study on HDTV and its fu-

ture. While we do not anticipate that legislation will be introduced on HDTV, we are going to keep a close watch on the developments in this area.

MISCELLANEOUS

There are many other matters that may arise during the year requiring the attention of the Committee. The Committee may become involved in reviewing the 1984 Cable Telecommunications Act, particularly if court rulings upset the underpinnings of this law. The Committee, of course, will deal with court rulings at any point where they conflict with the Congressional intent of the law. In general, the Committee can be expected to move promptly to resolve communications policy matters in any area.

NOMINATIONS

There are presently two vacancies on the FCC and two nominees pending. There are two vacancies on the Board of the CPB, and the President has submitted one nomination. There are currently two vacancies on the COMSAT Board of Directors, and the President has submitted two nominations.

CONSUMER

INTRODUCTION

The Committee exercises legislative jurisdiction over a broad range of areas dealing with consumer protection. In addition, the Committee exercises authorization and oversight responsibility over the Federal consumer protection agencies.

The responsibility of the Committee for consumer protection legislation dates back into the 19th Century. A number of these early laws built the platform for the modern consumer protection efforts by the Committee.

In the 1960's and early 1970's, Congress enacted many proposals emanating from the Commerce Committee to provide consumer protection in such areas as product safety, poison prevention packaging, warranties, and unfair or deceptive practices. The overriding goal of the consumer movement in those years was to develop means to improve equity and fair play in the marketplace while assuring the quality and safety of consumer goods and services.

In an effort to ensure that these programs were meeting Congressionally-mandated goals, the Committee, in the last ten years, conducted oversight of agencies having responsibility for these programs to ensure their effective operation. The Committee focused on regulatory reform within these agencies to eliminate overlapping, duplicative, and ineffective regulations which could lead to higher costs for consumers and business.

In more recent times, concerns have been raised that the Federal agencies created to provide consumer protection have rejected balanced regulatory efforts and opted for nonenforcement or lax enforcement of the consumer laws under their respective jurisdictions. The Committee will focus on these issues as it conducts oversight of these agencies.

In the first session of the 100th Congress, the Consumer Subcommittee held reauthorization hearings regarding agencies within the Subcommittee's jurisdiction. These hearings, combined with additional agency oversight hearings, provide the Committee an excellent opportunity to assess, analyze, refine, strengthen, and, if necessary, supplement or modify programs over a broad spectrum of consumer concerns.

The Committee will hold additional hearings to investigate and examine areas where agency inaction may be creating inequities. In particular, the Committee will examine instances of unfair or deceptive acts or practices such as consumer fraud or deceptive advertising, unfair methods of competition, or lack of public protection against unreasonable risks of injury associated with consumer products or automobiles.

AUTHORIZATIONS

FEDERAL TRADE COMMISSION

The Federal Trade Commission (FTC) was established in 1914 when early antitrust laws failed to protect small businesses, farmers, and consumers. At that time, the FTC was given broad powers to restrain "unfair methods of competition." In 1938, the role of the FTC was expanded to give the necessary powers to police consumer fraud and deceptive advertising.

The agency's authority was further expanded to give it jurisdiction over laws providing consumers with information to make informed choices. These include such laws as the Textile Fiber Products Identification Act of 1958, the Fair Packaging and Labeling Act of 1966, and the Magnuson-Moss Consumer Product Warranty-Federal Trade Commission Improvements Act of 1974.

To promote regulatory reform, the Federal Trade Commission Improvements Act of 1980 required that the FTC undertake significant changes in its procedures for conducting investigations and rulemakings. This act expired at the end of fiscal year 1982, and the FTC has been without an authorization since that time. Legislation to authorize the agency was introduced and reported by the Committee in the 97th (S. 2499), 98th (S.1714), and 99th (S. 1078) Congresses; however, these bills were not enacted. S. 1078 was acted upon by the full Senate but a conference on the authorization legislation was not completed.

In the first session of the 100th Congress, the Committee reported legislation to reauthorize the agency. As part of this endeavor, the Committee assessed the authorization legislation passed by the Senate in the 99th Congress, legislation which contained such issues as compromises in the area of the FTC's regulation of "unfair" advertising and the FTC's authority over agricultural cooperatives. The Committee also examined the FTC's performance and the effectiveness of the agency's enforcement of the antitrust and consumer protection laws under the Maintaining Competition and Consumer Protection Missions. Additionally, the Committee assessed the effectiveness of the Economic Activities Mission in fulfilling the mandate of the agency. The legislation (S. 677) passed the Senate in April 1987, and was passed by the House of Representatives later in the year. Conferees have been appointed to resolve the differences between the bills.

CONSUMER PRODUCT SAFETY COMMISSION

The Consumer Product Safety Commission (CPSC) was created by Congress in 1972 to protect consumers against injury and death from hazardous products. The CPSC's mission requires it to collect and act on data concerning product-related injuries, inspect manufacturer premises and take corrective action, and inform consumers and manufacturers about product safety.

In addition to the Consumer Product Safety Act (Public Law 92-573), the CPSC administers the following statutes: the Federal Hazardous

Substances Act (Public Law 86-613), which authorizes the CPSC to protect the public from injury by substances used in household products or toys; the Flammable Fabrics Act (Public Law 83-88), which restricts the manufacture of all dangerously flammable textile products; the Poison Prevention Packaging Act (Public Law 91-601), which sets standards for packaging of household substances that are accessible to children and would be harmful if handled or ingested; the Refrigerator Safety Act (Public Law 84-930), which seeks to minimize deaths of children who may be trapped in refrigerators; and the Cigarette Safety Act of 1984 (Public Law 98-567), which seeks to encourage the development of cigarettes and small cigars with a reduced propensity to ignite upholstered furniture or mattresses.

The CPSC was created by Congress at the recommendation of the National Commission on Product Safety, which issued its final report in 1970. At the time, product-related household accidents accounted annually for some 30,000 deaths, 110,000 permanently disabling injuries, and 20,000,000 injuries serious enough to warrant medical treatment. The cost to the country, in lost time and damage claims, has been estimated at over $5.5 billion per year. By its own calculations in 1979, the CPSC each year prevented approximately 215,000 injuries and countless deaths, because of its standards, recall procedures, and policing of industrial practices.

Almost since its inception, the CPSC has been the target of criticism that it has not been entirely effective in carrying out its statutory mandate. The Committee conducted hearings during the 97th Congress, reauthorized the agency for fiscal years 1982 and 1983, and made several changes in the agency's statutory scheme (Public Law 97-35). Despite these changes and the important mission of the CPSC, it was threatened with elimination in 1981. Although that attempt failed, the CPSC has endured efforts to impose budget cuts which are disproportionately large when compared to other government agencies, particularly those dealing with health and safety.

During the 98th and 99th Congresses, the Committee conducted several days of CPSC reauthorization hearings and reported new authorization legislation for the agency. Although these measures eventually passed the Senate, Congress failed to complete action and the CPSC has been without statutory authorization since the end of fiscal year 1983.

In the first session of the 100th Congress, the Consumer Subcommittee conducted an authorization hearing, and it revisited some of the same issues which formed the basis of legislation receiving Senate approval in the 98th and 99th Congresses. The Committee then considered and ordered reported CPSC reauthorization legislation, S. 1882, which awaits Senate action. A number of provisions were adopted which the Committee believes will result in more efficient functioning of the CPSC, and enable the CPSC to fulfill more effectively its statutory mandate.

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NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION

In 1966, in response to the rising death toll on the Nation's highways, the Committee reported landmark legislation which established the National Highway Traffic Safety Administration (NHTSA) within the Department of Transportation. The agency is responsible for improving motor vehicle safety.

NHTSA is required to establish motor vehicle safety standards, undertake and support safety research and development, order recalls or remedies of automotive defects or failure to comply with safety standards, and provide consumers with information relating to the purchase and maintenance of a motor vehicle. According to the Department of Transportation, cars are 25 percent safer today because of required auto safety features. Despite these gains, an estimated 45,000 people died in highway accidents in 1986.

Legislation to authorize NHTSA activities, implemented pursuant to the National Traffic and Motor Vehicle Safety Act, the Highway Safety Act, and the Motor Vehicle Information and Cost Savings Act, was reported by the Committee and passed by the Senate in the 99th Congress (S. 863). However, a conference on this authorization legislation was not completed.

In the first session of the 100th Congress, the Committee considered and reported legislation (S. 853) to reauthorize NHTSA activities. The Committee examined issues such as the side impact rulemaking, which was terminated in 1982, and the ability to provide crashworthiness information effectively to consumers seeking to purchase new cars. Additional issues that the Committee explored during this Congress included light truck safety, rear seat belt safety, and NHTSA's safety standard compliance review procedures. During the authorization hearing, the Committee assessed the overall performance of NHTSA in fulfilling its mandate. On April 24, 1987, the Senate passed S. 853, and it has been pending in the House Energy and Commerce Committee.

THE UNITED STATES FIRE ADMINISTRATION AND FIRE ACADEMY

The United States Fire Administration and the Fire Academy were established by the Federal Fire Prevention and Control Act of 1974 (Public Law 93-498) to assist States and local firefighters in promoting fire prevention and control. For over a decade, the United States has had one of the worst fire records of any industrialized nation. Though the statistics have dropped in recent years, fires still cause some 6,000 deaths and close to $7 billion in direct property loss annually. Consequently, fire prevention and control are of continuing national importance, and the 1974 Act has lost none of its timeliness or urgency.

Past testimony before the Committee indicates that recent efforts to eliminate funding for the Fire Administration and reduce funding for the Fire Academy would yield a serious setback to these important efforts to prevent the loss of life and property due to fires. As part of the reauthorization process this session, the Committee will examine whether further budget reductions are justified.

Emergency management has historically been a responsibility shared by the Federal government in tandem with state and local authorities. The Federal effort focuses on programs that local communities cannot provide. It collects data on fires, sponsors research into the causes of fire and methods of reducing the damage from fires, and develops programs to educate both firefighters and the public. Proposed budget reductions require an assessment of whether a Federal role is no longer necessary and whether local governments and the private sector are able and willing to assume the functions of these agencies.

OVERSIGHT AND OTHER ISSUES

FEDERAL TRADE COMMISSION

The Committee intends to conduct oversight of the FTC and the extent to which it is enforcing its Congressional mandate. Issues to be examined include the Commission's caseload, the number and nature of rulemakings in progress, order modifications and rescissions. The Committee will focus on the internal procedures and organization of the agency.

CONSUMER PRODUCT SAFETY COMMISSION

CPSC regulatory activity is to be reviewed in several areas. As part of its oversight function, the Committee will continue to examine the timeliness and effectiveness of the CPSC's efforts in the areas within its jurisdiction. Voluntary standard efforts and enforcement and compliance activities of the CPSC will be evaluated.

NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION

The Committee intends to conduct oversight of NHTSA to determine its effectiveness in carrying out the purposes and Congressional intent of the laws that it administers. The Committee will examine such issues as the NHTSA defect investigation program, the recall program, and pedestrian protection issues.

The Committee will review all activities including regulations adopted pursuant to NHTSA's authority but later repealed or modified. For example, NHTSA issued a new passive restraint standard in response to the U.S. Supreme Court's 1983 ruling that the agency's 1981 rescission of an earlier standard had been "arbitrary and capricious". The new Standard 208 requires automobile manufacturers to install passive restraints (passive seat belts, airbags, or energy-absorbing interiors) in new cars. Using a phased-in schedule, all new cars manufactured for sale in the United States on or after September 1, 1989, must be equipped with passive restraints unless States comprising two-thirds of the U.S. population enact mandatory seat belt use laws by April 1, 1989. Under a 1987 amendment to the rule, cars equipped with driver-side air bags do not have to have passenger-side passive restraints until September 1, 1993. The Committee will evaluate the effectiveness of this standard including the State efforts to enact mandatory seat belt laws.

The Committee intends to monitor NHSTA's implementation of legislation enacted in 1986 to combat automobile odometer tampering, as well as implementation of two major drunk driving statutes. The first, enacted in October 1982, established an incentive grant program to encourage States to strengthen their drunk driving laws and enforcement efforts. This statute also established a computerized National Driver Register to enable State officials to identify problem drivers. The second, enacted in July 1984, requires States to set the minimum legal drinking age at 21 or else lose a portion of their highway construction funds. The 1984 legislation also established incentive grant programs to encourage States to: (1) enact mandatory sentencing laws for drunk driving offenses; (2) computerize their traffic recordkeeping systems; and (3) take steps to combat driving under the influence of drugs.

In 1984, legislation was enacted to combat the rapidly growing national problem of motor vehicle theft. This legislation, the Motor Vehicle Theft Law Enforcement Act of 1984, will assist law enforcement officials in identifying stolen parts and in apprehending thieves. The Committee intends to monitor NHTSA's implementation of this legislation.

RISK RETENTION ACT AND AMENDMENTS

The Risk Retention Amendments of 1986 were passed to provide competition in the insurance marketplace by allowing local governments, nonprofit organizations, and small businesses to self-insure or purchase group insurance. This law contains a provision calling for reports to Congress concerning the implementation of the Act. The first of these reports was received in October 1987. The Commerce Committee expects to conduct oversight hearings to assess the contribution of the Act toward resolution of insurance affordability and availability problems, the extent to which these groups have enhanced competition in the insurance marketplace, and any problems with implementation of the Act.

ALTERNATIVE FUELED VEHICLES

In the first session of the 100th Congress, the Consumer Subcommittee held a hearing on encouraging the development of vehicles fueled by alternative fuels (e.g., methanol, ethanol and natural gas). Legislation has been introduced in this and previous Congresses to achieve this goal through providing incentives to automobile manufacturers to develop these vehicles. These incentives permit the manufacturers to achieve higher CAFE (corporate average fuel economy) ratings for vehicles which will operate on alternative fuels. During the first session the Committee reported legislation, S. 1518, which provides these CAFE incentives, and there are other legislative initiatives pending in the Congress to address this matter. The Committee will continue its efforts to promote the development of alternative fueled vehicles.

NOMINATIONS

There is presently one vacancy in the membership of the FTC. A nomination has been forwarded to the Senate for this position. In addition, one more vacancy in the membership of the FTC is due to occur by operation of law during calendar year 1988.

FOREIGN COMMERCE AND TOURISM

FOREIGN COMMERCE

The Committee is concerned about the ability of U.S. firms to compete in the world marketplace. Overseas markets for U.S. products and services continue to expand in many foreign countries; yet, U.S. sales may be lost because of ineffective export policies and practices. Last year, the Committee held hearings on the U.S. & Foreign Commercial Service. This Commerce Department agency provides export advice and promotion services to U.S. firms through an office network covering 47 states and 63 countries. It also conducts overseas trade shows and trade fairs. In 1988, the Committee will again examine the U.S. & Foreign Commercial Services' activities and its role in promoting the sale of U.S. goods abroad.

The Committee is also responsible for overseeing the 1976 International Investment Survey Act. This law requires the Commerce Department to collect and analyze data on foreign investment in U.S. companies. The law also requires the Treasury Department to survey foreign holdings in U.S. securities and financial instruments. The Committee will continue to oversee this law, as well as examine foreign investment in U.S. companies. Last year, the Committee held hearings on acquisitions of U.S. companies by foreign persons. In 1988, the Committee plans to examine the foreign investment data collected by the Commerce Department.

Other possible issues to be examined by the Committee include the use of barter in international trade, and those provisions of the U.S.-Canada Free Trade Agreement which come under the Committee's jurisdiction.

Finally, Committee members are conferees in the ongoing Senate-House conference on H.R. 3, the omnibus trade legislation passed last session. This session Committee conferees will continue discussions with the House on provisions relating to foreign takeovers, disclosure of foreign investment, countertrade, technology competitiveness, and ocean transportation. Conferees already have resolved differences in the area of aviation trade.

TRAVEL AND TOURISM

With nearly $270 billion in annual receipts, tourism has become the nation's third largest retail industry and second largest private employer. The development and maintenance of a strong travel and tourism industry has become crucial to the economic well-being of many regions, and to the national economy as well.

More than 100 programs in approximately 50 federal agencies directly impact the U.S. travel industry. To ensure that the Federal government is responsive to the tourism promotion efforts of the private sector and the states and cities, and that it appropriately supplements those efforts, the Committee reported and Congress enacted the National Tourism Policy Act of 1981 (P.L. 97-63). The Act, based on a comprehensive five year study by this Committee pursuant to S. Res. 347, 93rd Congress, established a tourism policy for the United States and created (1) an Undersecretary of Commerce for Tourism; (2) the United States Travel and Tourism Administration (USTTA); (3) the Tourism Policy Council, an interagency coordinating council intended to assure that the national interest in tourism is fully considered in federal decision making; and (4) a Travel and Tourism Board to advise the Secretary of Commerce.

Intensive government programs launched by dozens of other nations to capture a larger share of the growing world travel market have highlighted the need for the United States to market itself more aggressively as an international tourist destination. The U.S. government spends a relatively small amount of government funds on tourism promotion, and the budgetary outlook cast doubt that such appropriations will show a vast increase in the near future. Thus, in recent years, USTTA has directed its efforts away from self-sustained international marketing programs and toward assisting states, regions, and private industry launch their own cooperative programs aimed at the international tourist. The Committee supports this approach and intends to reauthorize USTTA at an adequate funding level in the second session of the 100th Congress.

MERCHANT MARINE

INTRODUCTION

Through its Merchant Marine Subcommittee, the Committee exercises authorization and oversight jurisdiction over two federal agencies responsible for U.S. domestic and international maritime activities: The Maritime Administration (MarAd) within the Department of Transportation and the Federal Maritime Commission (FMC). The Committee also exercises jurisdiction over the related laws affecting the maritime activities of the United States.

AUTHORIZATIONS

MARAD

The primary purpose of MarAd and its programs is to ensure a strong U.S. merchant marine by promoting U.S.-flag shipping and the domestic shipbuilding industry in times of peace, and to ensure the defense readiness of both in the event of war or other national emergency.

In the first session of the 100th Congress, the Committee reported and the Senate approved S. 800, legislation authorizing appropriations for MarAd. However this legislation was not enacted into law. Also not enacted were the Administration's budget-related proposals as follows:

—Termination of federal support for State maritime schools; and

—Termination of MarAd's authority to grant loan guarantees for vessel construction (Title XI).

The Committee expects the Administration to resubmit these proposals as part of its fiscal year 1989 budget request for MarAd. As part of its consideration of MarAd's budget, the Committee will consider those proposals, as well as MarAd's role in managing the Ready Reserve Fleet (RRF) and MarAd's relationship with the Department of Navy in administering the RRF.

FMC

The FMC, an independent agency, administers the regulatory provisions of U.S. policy relating to our domestic offshore and foreign ocean-borne commerce. The Commission's main responsibilities include the regulation of ocean carrier ratemaking in our domestic offshore trades and administration and implementation of the Shipping Act of 1984.

Last session, the Committee reported and the Senate passed S. 800, legislation including an authorization of appropriations for the FMC. During its consideration of the Administration's fiscal year 1989 budget request for the FMC, the Committee expects to review several areas of the agency's activities, including:

—The status of the FMC's efforts to automate its tariff functions through an Automated Tariff Filing and Information System;

—The status of the FMC's rebating investigation into the North Atlantic and the Pacific trades;

—The status of the FMC's efforts to ensure that the laws and trade practices of our trading partners and their national flags do not prejudice the ability of U.S. liner companies to compete in our bilateral trades and in cross trades;

—The status of the FMC's efforts to prepare a report and any recommendations for changes to the Shipping Act of 1984. This report is mandated by the 1984 Act, and is due in 1990; and

—The possibility of evading the provisions of the Ocean Shipping Act of 1978 (Controlled Carrier Act) through the use of service contracts which are authorized by the Shipping Act of 1984, but not subject to the 1978 Act.

OVERSIGHT AND OTHER ISSUES

THE OPERATING DIFFERENTIAL SUBSIDY (ODS) PROGRAM

The state of the U.S.-flag international ocean liner shipping companies is extremely precarious and raises serious questions about their ability to serve as our fourth arm of defense in time of war or national emergency, and to carry a substantial portion of the ocean waterborne cargo in international trades. Even though the United States is the largest trading nation in the world, these operators carry less than 20% of our international liner cargo. The Administration, the industry, and many in Congress agree that consistent with budgetary restraints some reform of the existing ODS program is essential if our liner fleet is to be revitalized. During the first session, the Administration submitted its legislative ODS reform proposal, and the Committee requested written comments on it as well as a proposal recommended by several U.S.-flag liner companies. Those comments have been received and the Committee is reviewing them. Ultimately, the Committee expects to recommend legislation, and hearings may be necessary.

UNITED NATIONS CODE OF CONDUCT FOR LINER CONFERENCES (UNCTAD CODE) REVIEW CONFERENCE

The UNCTAD Code is a cargo reservation scheme which, among other things, effectively reserves 40% of the conference liner cargo in a trade between two Codist countries to the national flag vessels of each, and leaves the remaining 20% for cross-traders in the conference.

Although the United States is not a signatory to the UNCTAD Code, it has a substantial interest in assuring that the Code does not operate to restrict the cross-trading opportunities of U.S.-flag operators.

Because the United States is not a signatory, its appropriate role in the Review Conference is now under consideration. The Committee is following this matter closely, and hearings may be necessary.

CONTINUING DIALOGUE BETWEEN THE UNITED STATES AND THE CONSULTATIVE SHIPPING GROUP COUNTRIES (CSG)

This series of discussions has been ongoing for several years. Its purpose is to ensure that ocean liner shipping trades are kept open to competition in the wake of increasing protectionist pressures and the coming into force of the UNCTAD Code.

In particular, both sides seek to assure that their national flag carriers will be able to gain realistic competitive access to each other's trades with developing countries. The Committee's concern continues to be that the interests of U.S.-flag operators and U.S. shippers vis-a-vis their CSG counterparts are fully protected.

NOMINATIONS

The Committee expects to consider two nominations to the FMC during this session of Congress. Also, the Committee will be considering a pending nomination to the St. Lawrence Seaway Development Corporation.

NATIONAL OCEAN POLICY STUDY

INTRODUCTION

The National Ocean Policy Study (NOPS), which the Commerce Committee administers, has oversight responsibility for all ocean-related issues. Established by Senate resolution, NOPS membership includes representatives from all standing committees that share an interest in ocean issues. Among the matters for which NOPS has oversight responsibility are coastal zone management, fisheries, marine mammals, ocean energy and mineral resources, ocean pollution, and marine science. In addition, the Commerce Committee exercises jurisdiction over legislation relating to weather and atmospheric activities. These activities include atmospheric and climate research, weather forecasting and environmental satellites. The principal federal entities within the purview of NOPS are the National Oceanic and Atmospheric Administration (NOAA) and the United States Coast Guard.

AUTHORIZATIONS

OCEAN AND COASTAL PROGRAMS

During the first session of the 100th Congress, the Committee reported S. 1487, which reauthorizes general program support for NOAA's ocean and coastal programs, as well as its executive support and administrative functions, for fiscal years 1988 and 1989. This legislation covers activities relating to such areas as research vessel and aircraft operations and maintenance, ocean research, ocean services, and mapping, charting, and geodesy. Additionally, the legislation reauthorizes the National Ocean Pollution Planning Act and title II of the Marine Protection, Research, and Sanctuaries Act. This legislation has not been enacted, however, and the Committee will continue its efforts to complete reauthorization of these programs.

MARINE SANCTUARIES AUTHORIZATION

The authorization for NOAA's marine sanctuaries program is contained in Title III of the Marine Protection, Research, and Sanctuaries Act of 1972, and will require extension after September 30, 1988. The Committee's activities directed at reauthorizing this title will include a review of the program's funding level and management.

ATMOSPHERIC AND SATELLITE PROGRAMS

NOAA's atmospheric programs include atmospheric research and the preparation and distribution of public warnings and forecasts by the National Weather Service. The satellite programs encompass the collection, storage, and dissemination of environmental data, in addition to the procurement and operation of the Federal government's weather satellite systems.

During the first session of the 100th Congress, the Committee reported favorably and the Senate passed S. 1667, the NOAA Atmospheric and Satellite Program Authorization of 1987. This legislation authorizes appropriations for NOAA's atmospheric and satellite programs, as well as the National Climate Program Act, in fiscal years 1988 and 1989. S. 1667 provides support for the timely modernization of the national weather system and for the continuation of existing geostationary and polar-orbiting environmental satellite systems. The Committee will continue to work for the enactment of this authorizing legislation.

WEATHER MODIFICATION REPORTING ACT

This Act, which expires at the end of fiscal year 1987, requires that all weather modification experiments and activities within the United States be reported to the Secretary of Commerce. The Committee will continue to support reauthorization of this legislation. The Committee believes that monitoring of such activities is essential, because they alter atmospheric conditions in ways which are not understood and may affect areas beyond the point of origin.

U.S. COAST GUARD

The second largest entity within the Department of Transportation, the Coast Guard is the principal federal maritime safety and law enforcement agency. Its typical civilian activities include vessel safety inspection, the rescue of life and property at sea, fishery law enforcement, marine environmental protection, and the interdiction of drug trafficking. In addition, the agency carries out port security functions and cooperates closely with the other armed forces in providing for the coastal defense of the United States. In time of war, the Coast Guard becomes an arm of the U.S. Navy.

During the first session of the 100th Congress, the Committee reported and the Senate passed S. 1459, authorizing the appropriations for the Coast Guard for fiscal years 1988 and 1989. During the second session of the Congress, the Committee will continue to work for enactment of this authorization.

MARINE MAMMAL PROTECTION

Authorization of appropriations for the Marine Mammal Protection Act of 1972 (MMPA) lapses at the end of fiscal year 1988. Over the past fifteen years, MMPA has provided guidelines for the protection

and management of marine mammals. The Committee supports reauthorization of the MMPA and will consider possible changes to improve its effectiveness during the reauthorization process.

FISHERMEN'S GUARANTY PROGRAM

The current authorization for the section of the Fishermen's Protective Act establishing the Fishermen's Guaranty Program expires on October 1, 1988. This section provides authority to compensate U.S. fishermen for losses incurred if a foreign nation seizes a vessel for violating foreign fishing regulations which are not recognized as valid by the U.S. Fishermen must enter into an agreement and pay fees for coverage under the guaranty program. During the second session, the Committee will consider legislation to extend the program for one or two years.

ATLANTIC STRIPED BASS CONSERVATION

Both the Atlantic Striped Bass Conservation Act and the section of the Anadromous Fish Conservation Act authorizing striped bass research expire on September 30, 1988. The Atlantic Striped Bass Conservation Act provides federal support for interjurisdictional management of striped bass. Despite stringent restrictions on both commercial and recreational harvests, the striped bass population is recovering only slowly. The Committee will examine striped bass management problems and consider reauthorization of this legislation during the second session.

OVERSIGHT AND OTHER ISSUES

FISHERIES

Current authorizations for NOAA's marine fisheries programs extend past fiscal year 1988, most lasting through fiscal year 1989. Nevertheless, the Committee will carry out oversight of these activities during the second session of the 100th Congress, including the sufficiency of administration budget recommendations for 1989. The Committee will evaluate the adequacy of the response by NOAA and the Regional Fishery Management Councils to the conservation and management needs of such fisheries as the Gulf of Mexico redfish, Atlantic swordfish, and mackerel fisheries. In the course of this evaluation, the Committee will consider ideas for improving the administration of the Magnuson Fishery Conservation and Management Act (MFCMA).

ESTUARINE AND COASTAL WATERS RESEARCH AND PROTECTION

The estuarine and coastal resources of this Nation are valuable assets that should be managed with great care. The Committee intends to carefully review the current status of these resources and to examine the activities of federal agencies responsible for their management and underlying research. The review will concentrate on the efforts of NOAA, the

Environmental Protection Agency, the Army Corps of Engineers, and the Federal Emergency Management Agency, to determine the effectiveness of management strategies in the coastal zone. The specific role each agency plays in coastal management and research also will be evaluated. The review reflects Committee concern that there is substantial risk of overlap among agency activities. With the current fiscal constraints, the Committee believes it is vital that the overall federal involvement in coastal matters be carried out in the most efficient manner possible. Thus, after its review is completed, the Committee will consider necessary legislative changes to ensure sound coordination among federal agencies in their coastal activities.

SOUTH PACIFIC FISHERY TREATY

Last spring, after several years of negotiations, the United States signed an agreement with 14 Pacific island nations, including Australia and New Zealand, concerning regional fishing licenses for the U.S. tuna industry. On November 6, 1987, the Senate unanimously approved the Fisheries Treaty with Certain Pacific Island States. The Committee recognizes that this treaty is important, not just to our tuna fishermen, but to our national interest in sound multilateral relationships in the South Pacific. Legislation to implement the treaty was introduced near the end of the first session of the 100th Congress. The Committee will press for timely enactment of such legislation during the second session.

NATIONAL MARINE POLICY COMMISSION

During the first session of the 100th Congress, legislation was introduced to establish a National Marine Policy Commission. Modeled after the Stratton Commission of the 1960's, this new body would be charged with launching a comprehensive review of U.S. domestic and international ocean policy. Consistent with its ocean policy jurisdiction, the Committee will review carefully the various alternatives to and timeliness of such a Commission.

GLOBAL CLIMATE

Advances in scientific research continue to provide new insights into global environmental processes. Recent studies indicate that the interrelationships among the atmosphere, oceans, land and the biosphere are more dynamic and complex than could have been imagined a short time ago. In addition, human activities appear to influence processes of global change and may significantly affect our habitat within a few generations. Among the present concerns are depletion of the atmosphere's protective ozone layer and the threat of substantial global warming as a result of the accumulation of "greenhouse" gases in the atmosphere.

U.S. and international scientists have realized increasingly that to understand the earth system, it must be studied as an integrated whole. Through this approach, researchers hope to develop the capability to

predict and assess global changes which occur both naturally and in response to man's activities. The Committee believes that scientific understanding must form the basis for development of responsible global change policies and supports such an integrated approach. During the first session, the Committee conducted oversight hearings, through the National Ocean Policy Study and the Science, Technology, and Space Subcommittee, to evaluate priorities for global environment change research. During the second session, the Committee will examine development of a national global change research program and consider plans for the U.S. contribution to international research efforts.

HARD MINERAL MINING IN THE OCEANS

During the 1980's, the Committee has followed with interest and authorized funding for the discovery of oceanic mineral deposits on the U.S. outer continental shelf or within the U.S. exclusive economic zone. The deposits consist of polymetallic sulfides and manganese and cobalt crusts. The Committee believes that separate legislation will be needed to create a legal regime in which mining of these types of deposits may proceed. The two main federal laws applicable to ocean mineral production, the Outer Continental Shelf Lands Act and the Deep Seabed Hard Mineral Resources Act, are inadequate since they address oil and gas operations offshore and the mining of manganese nodules beyond U.S. jurisdiction, respectively. Mining interests have already noted substantial difficulties with both laws, and the Committee supports the establishment of a workable regime so that mining companies can proceed with investment plans.

COASTAL ZONE MANAGEMENT

During the first session of the 100th Congress, the Committee held a hearing on S. 1412, a bill to clarify the intent of the consistency provisions of the Coastal Zone Management Act of 1972 (CZMA). The legislation was introduced as a result of concern over a 1984 Supreme Court decision which limited states' review of federal activities under section 307 (c)(1) of the CZMA. The Committee will continue its examination of this legislation in an attempt to clearly define the range of activities which affect a state's coastal zone and the proper role of a state in influencing such activities.

FISHING VESSEL INSURANCE AND SAFETY

During the first session of the 100th Congress, the Committee held a hearing on S. 849, the Commercial Fishing Industry Vessel Safety and Compensation Act. In the second session, the Committee will continue its involvement in evaluating this legislation for improving fishing vessel safety and helping to make insurance for fishing vessels more readily available at reasonable cost.

ANTARCTICA

The Committee will continue to follow implementation of the Antarctic Marine Living Resources Convention, and to evaluate issues related to Antarctic mineral development, marine mammal and environmental protection, and scientific access to areas within the Antarctic region.

CONTRACTING OF SERVICES

In recent years, Administration programs aimed at contracting out certain government functions of NOAA and the Coast Guard have presented risks to agency effectiveness. Although it appears that these so-called "A-76 programs" are being carried out with greater care at present, the Committee will continue to follow them closely to ensure that the performance of agency missions is not impaired.

NOMINATIONS

The Committee is responsible for reviewing a number of Presidential appointments to positions dealing with ocean and atmospheric issues. Early in the second session, the Committee expects to receive and consider a nomination for Under Secretary of Commerce for Oceans and Atmosphere. The position of Under Secretary, who acts as Administrator of NOAA, has remained unfilled since September 3, 1987.

In addition, the term of one of the Commissioners of the Marine Mammal Commission has expired and another will expire in the coming year. The purpose of the Commission is to develop, review and make recommendations concerning the actions and policies of all federal agencies which affect marine mammals.

The Committee also will consider routine nominations and the appointment of officers to flag rank for both the Coast Guard and the NOAA Corps.

SCIENCE, TECHNOLOGY, AND SPACE

INTRODUCTION

Under the Senate Rules, the Committee on Commerce, Science, and Transportation has jurisdiction over "Nonmilitary aeronautical and space sciences * * * science, engineering, and technology research and development and policy * * * (and) standards and measurement." In addition, the Committee has jurisdiction over "all matters relating to science and technology."

The Committee exercises this jurisdiction through the Subcommittee on Science, Technology, and Space.

In 1988, the Committee intends to actively oversee the space and non-space technology activities of the Federal government to better understand how these programs assist existing and emerging industries, improve the competitive posture of U.S. goods and services in world markets, and sustain U.S. technological leadership.

AUTHORIZATIONS

NATIONAL AERONAUTICS AND SPACE ADMINISTRATION

On January 28, 1986, the space shuttle Challenger exploded, and the Nation's space program was dealt a serious blow. In the aftermath of the accident, the policies, goals, programs, operations and management of the National Aeronautics and Space Administration (NASA) were examined closely. Already significant management and policy changes have been initiated within NASA and the space program as a result of the recommendations of the Rogers Commission, the various Committees of the National Academy of Sciences, Congressional Committees, and the NASA Management Study Group. However, despite the fact it has been two years since that tragic event, changes to the Nation's space programs and policies are still being proposed and evaluated, and a clear, concise civilian space policy has yet to be formulated. Many critical questions still remain unanswered and the Committee is determined to resolve these issues in the Second Session of the 100th Congress.

In 1988, therefore, the Committee will give a priority status to reviewing and formulating a National Space Policy that clearly outlines the goals and objectives of the civilian space program and clearly establishes the lines of responsibility. The Committee also will continue to assess the current space policy-making apparatus and will consider alternatives such as a National Space Council—a concept proposed in the last two sessions of Congress and recently endorsed by Vice-President Bush.

The Committee also will continue to oversee activities related to the return to flight of the space shuttle. Currently, the space shuttle is scheduled for flight in August, 1988. However, further investigation and analysis of the solid rocket motor redesign and test effort, along with other unanticipated events, could impact that schedule. The Committee will closely monitor all space shuttle anamoly resolution activities and will continue to work closely with the National Research Council and the NASA Aerospace Safety Advisory Panel, both of which are also overseeing the space shuttle return-to-flight activities. The return to flight of a safer, more reliable space shuttle is the most critical short-term civilian space policy issue, and developments in this area will be closely monitored by the Committee.

The Committee also will continue to evaluate advanced technology development activities in the space transportation sector, including the advanced solid rocket motor, shuttle-C and the advanced launch system programs. A critical element of the success of these programs will be the ability of NASA and the Department of Defense (DOD) to establish a better working relationship and to utilize effectively the available resource base. The Committee intends to monitor closely the NASA/DOD relationship.

In 1988, the Committee will closely examine the Administration's fiscal year 1989 NASA Budget Request. In light of the severe government-wide fiscal constraints and targets established in the recent budget summit, the Committee will be required to make difficult choices as to the number and mix of programs to be included in the fiscal year 1989 NASA authorization bill. For too long, there has been a tendency in NASA and the Congress to underfund the early phases of programs in order to initiate as many programs as possible. Unfortunately, the cost of many of these programs has started to increase dramatically, and accommodating all of them in the projected outyear NASA budgets will be difficult, if not impossible. The Committee must determine what programs are to be continued, what programs must be terminated, and what the composition of the NASA budget should be.

To assist the Committee in making this determination, the Congressional Budget Office is preparing an assessment of the budget implications between 1988 and 2000 of the various proposals to expand the NASA program.

In 1988, the Committee also intends to explore the issue of foreign competition in the space arena and assess the status of the U.S. space program vis-a-vis its foreign competition. In particular, the Committee will continue to be briefed on the status of the Soviet, Japanese and European Space Agency space programs, including their respective commercial space activities. Legislation that stimulates commercial space activities in the United States is anticipated during this session.

Another major initiative that will be closely examined by the Committee in 1988 will be the space station program. Due to the significant reduction in the fiscal year 1988 space station budget, the Committee will be required to closely examine the revised schedule and

scope of activity in fiscal year 1989. The Committee strongly supports the space station program but realizes that it cannot be accommodated unless NASA is provided adequate budget resources.

Pursuant to section 112 of P.L. 100-47, the Committee will review the space station Memorandum of Understanding and Inter-Governmental Agreements currently being negotiated between NASA and the United States and Canada, Japan, and the member governments of the European Space Agency.

In 1988, the Committee also intends to monitor wind-tunnel refurbishment activities. In 1987, the Committee was surprised to discover that a number of wind-tunnel facilities critical to the competitive posture of the U.S. aeronautics industry were idle or derated because of disrepair. The Committee intends to closely review the NASA Five Year Plan for wind-tunnel revitalization and to make sure that the space and aeronautics infrastructure essential to continued U.S. leadership is being properly maintained by NASA and that adequate resources are being requested.

The Second Session of the 100th Congress will be an extremely active year for the Committee in the space area. In addition to general hearings concerning overall space policy, the status of the space shuttle's return to flight, and the competitive posture of the U.S. space program vis-a-vis our foreign competitors, the Committee will conduct at least five days of NASA authorization hearings. The Committee also intends to try and expand the understanding and awareness of the American public about the civilian space program and anticipates field hearings on relevant topics.

DEPARTMENT OF TRANSPORTATION

Office of Commercial Space Transportation

The Department of Transportation's Office of Commercial Space Transportation, which was created in 1984 pursuant to the Commercial Space Launch Act (P.L. 98-575), is responsible for licensing the commercial launches of expendable launch vehicles (ELVs) and the commercial use of the associated facilities and launch services.

The Committee intends to review closely the Office of Commercial Space Transportation's fiscal year 1989 budget request and the capabilities of the Office to be sure it can license and regulate an emerging domestic ELV industry in a manner consistent with its enabling legislation. The Committee also will monitor the role of this Office in the civilian space policy-making process.

Furthermore, the Committee intends to review any rules and regulations issued by the Department to foster the development of a commercial expendable launch vehicle. In particular, the Committee intends to review closely any regulations issued by the Department that restrict the liability of the commercial expendable launch vehicle industry by providing a Federal indemnification regime.

DEPARTMENT OF COMMERCE

National Bureau of Standards/National Institute of Technology

During the first session of the 100th Congress, the Committee reported S. 907, the Technology Competitiveness Act. This legislation would upgrade the existing National Bureau of Standards (NBS) within the Department of Commerce (DOC) to a National Institute of Technology (NIT). The provisions of S. 907 were included in the Senate-passed version of the Omnibus Trade and Competitiveness Act (H.R. 3), which is in conference with the House. The Committee expects that these provisions will be enacted into law during 1988. The Committee also expects to report a fiscal year 1989 authorization bill for NIT and related programs.

NBS is the one federal laboratory whose mission is to serve U.S. industry and science. It does so by providing the measurement techniques and physical measurement standards which are essential for improving quality control and manufacturing processes in this country. New techniques are continually needed to keep pace with increasingly rapid technological developments and the resulting industrial and scientific requirements for more precise measurements. These techniques are needed both to improve manufacturing technology and to ensure efficient, high-quality production in emerging fields such as superconductivity, bioprocess engineering, and optical technologies. NBS works closely with U.S. industry to develop these new techniques.

NBS also serves U.S. commerce by using its measurement techniques to help industry develop voluntary "interface standards" by which equipment from different manufacturers can be made compatible. This work is particularly important in fields such as computers and robotics. NBS advises both the U.S. Government and private American companies engaged in negotiations over international standards in such fields as computers.

The provisions of S. 907, as incorporated into the Senate-passed version of the Omnibus Trade and Competitiveness Act, would do the following: revise the NBS organic act, making clear that the agency is to provide the techniques and technical services U.S. industry needs to stay competitive; change the name of the agency to the National Institute of Technology to reflect its mission of assisting industrial technology; authorize creation of Regional Centers for the Transfer of Manufacturing Technology, in order to transfer taxpayer-funded expertise in automated manufacturing to small and medium-sized manufacturers hard-pressed by foreign competition; authorize limited assistance to State technology extension services; establish, within DOC, a Clearinghouse on State and Local Initiatives on Productivity, Technology, and Innovation; establish an Advanced Technology Program to encourage and, in selected cases, financially aid new private sector research efforts aimed at improving U.S. industrial competitiveness; require certain technology reports from the executive branch; and authorize fiscal year 1988 appropriations for these various activities.

The Committee will hold NBS/NIT authorization and oversight hear-

ings during the second session before reporting fiscal year 1989 authorization legislation. The Committee also will monitor NBS's actions to implement a separate new law, the Computer Security Act of 1987.

Office of Productivity, Technology, and Innovation

The Office of Productivity, Technology, and Innovation (OPTI) within DOC analyzes the relationships between technology and U.S. industrial performance and develops government policy for stimulating U.S. private sector productivity, competitiveness, economic security, and growth. The Office also carries out certain statutory responsibilities, including technology transfer functions under the Stevenson-Wydler Technology Innovation Act, as amended, and the Metric Conversion Act. Finally, the Assistant Secretary for Productivity, Technology, and Innovation oversees the National Technical Information Service, including its patent licensing program.

The administration, in both its fiscal year 1986 and fiscal year 1987 budget submissions, proposed phasing out OPTI. In both years, Congress reauthorized it and provided appropriations. In the fiscal year 1988 request, the administration proposed major cuts, which again were rejected. The Committee will consider reauthorizing OPTI for fiscal year 1989. The Committee also will consider ways in which to bolster OPTI's technology transfer activities.

National Technical Information Service

The National Technical Information Service (NTIS) within DOC disseminates unclassified technical and scientific documents produced by the Federal Government. It also acquires a small number of foreign technical documents. Most activities of NTIS are self-supporting through user fees, although its patent licensing program has received annual authorizations and appropriations in recent years.

The administration, in its fiscal year 1988 budget submission, proposed to provide zero appropriations for the patent licensing program and to turn all of NTIS into a privately-run operation. Congress rejected the funding cut, and the Senate voted to block any privatization effort until the Secretary of Commerce submits a detailed report to Congress on the future of NTIS. The Committee will continue to scrutinize privatization proposals closely during this session.

Japanese Technical Literature Program

In 1986 the Japanese Technical Literature Act (P.L. 99-382) became law. The Act directs the Secretary of Commerce to monitor Japanese technical activities, acquire and translate selected Japanese technical reports, prepare annual reports on important Japanese technical innovations, and prepare an annual directory of programs in the United States which acquire and translate Japanese scientific and technical information. Reprogrammed DOC funds supported the program during fiscal year 1987. Congress voted $200,000 in appropriations to increase program activities during fiscal year 1988.

During this session, the Committee will conduct oversight of DOC's implementation of this Act and will consider reauthorizing the program.

NATIONAL SCIENCE FOUNDATION

The National Science Foundation (NSF) is the only Federal agency whose primary responsibility is the support of basic research in all fields of science and engineering. NSF's fiscal year 1987 authorization bill was referred sequentially to the Committee according to an agreement with the Committee on Labor and Human Resources. In 1987 the Chairmen of the Commerce and Labor Committees agreed in principle to make the earlier jurisdictional agreement permanent. The Committee expects that the details of the new agreement will be resolved in early 1988.

During this session, the Committee will prepare for reauthorizing NSF by holding hearings with an emphasis on the requested budget increases, the contributions of basic scientific research and university education to U.S. industrial competitiveness, and problems of university and college facilities. The hearings will examine new institutional arrangements designed to improve collaboration between university researchers and industry, especially NSF's centers for engineering and for science and technology. The Committee remains very interested in ways to speed the transfer of university research to U.S. companies, in order to aid U.S. technological leadership and international competitiveness. The hearings also will address important questions regarding the state of university and college facilities and equipment. Concern has been expressed that deteriorating facilities may hinder future research and training activities.

EARTHQUAKE HAZARDS REDUCTION ACT

Each year more than one thousand earthquakes are detected in the United States. Depending on their location and magnitude, earthquakes can cause billions of dollars in property damage and injure or kill thousands of people. In 1985, for example, a major earthquake struck Mexico City, killing over 9,000 persons and damaging over 7,000 buildings.

Earthquakes are not only a West Coast problem. Earthquakes in the central and eastern United States are less frequent but potentially even more damaging than earthquakes in the West. Thirty-nine States and 70 million people in the United States are exposed to at least moderate earthquake hazards.

The Earthquake Hazards Reduction Act of 1977 (P.L. 95-124) was passed to develop a comprehensive national policy and a coordinated program to reduce the hazards and risks of earthquakes. The Act directs four federal agencies—the Federal Emergency Management Agency, the U.S. Geological Survey, NSF, and NBS—to conduct a variety of activities such as prediction, hazard mitigation, research, earthquake engineering, and response planning for major earthquakes. In 1985 Congress reauthorized the program through fiscal year 1987.

During the first session of the 100th Congress, the Committee held a reauthorization hearing on the program and reported legislation (H.R. 1612) to reauthorize the program. At the end of the first session, the Senate passed the Committee's legislation providing a three-year reauthorization, which is awaiting House action.

During the second session, the Committee will consider oversight hearings on two subjects: options for improving program performance, including both program management and the transfer of research results to state, local, and private policymakers; and earthquake insurance issues.

OVERSIGHT AND OTHER ISSUES

SCIENCE, TECHNOLOGY, AND U.S. INDUSTRIAL COMPETITIVENESS

The President's Commission on Industrial Competitiveness concluded in its 1985 report that technology is this nation's strongest competitive advantage. Some other countries have lower wages; Americans must depend on superior technology in order to stay competitive. Yet, as the Commission noted, the United States is not as strong as it should be in two crucial fields—research with industrial competitiveness as its goal and manufacturing technology.

Better use of the Federal Government's annual investment in research and development (R&D) may help U.S. industry address these problems and maintain American technological leadership. This report has lost none of its relevance since its release. In 1986 the United States incurred an overall merchandise trade deficit of some $170 billion, including the first-ever deficit in high technology trade. The 1987 trade deficit also was large.

During the first session of the 100th Congress, the Committee continued its investigations into issues of science, technology, and U.S. industrial competitiveness. Hearings focused on how the research programs of both DOC and NSF can help U.S. industries maintain technological leadership. Hearings in early 1987 were followed by the introduction of the Technology Competitiveness Act (S. 907), a bill to strengthen and upgrade DOC technology programs. The bill was reported by the Committee and included in the Senate-passed version of the Omnibus Trade and Competitiveness Act. The Committee also held a hearing on NSF and industrial competitiveness, in anticipation of Committee consideration of NSF authorization legislation.

During 1988, the Committee's top two priorities in the area of science, technology, and competitiveness will be the enactment of the provisions of the Technology Competitiveness Act and enactment of NSF legislation.

COOPERATIVE RESEARCH

In addition to DOC and NSF legislation, the Committee will consider oversight and investigation hearings on related matters of science, technology, and competitiveness. One important area is cooperative

research. Cooperative research projects, either between companies and federally-supported scientists or through multicompany research consortia, are important efforts to pool resources and talents in order to improve the technological competitiveness of U.S. industry. Increasing amounts of federal money are being spent on these efforts. Yet most of the federally-supported projects have yet to be systematically reviewed by Congress.

The Committee will consider hearings on three types of cooperative research. First, the Federal Technology Transfer Act of 1986 (P.L. 99-502) allows and encourages federal agencies to permit their Government-owned, Government-operated laboratories (laboratories operated by civil service personnel) to enter into cooperative research and development agreements with U.S. companies, State entities, universities, and others in order to speed the transfer of unclassified federal technology to the private sector. The federal laboratories may contribute facilities and personnel, while partners contribute funding and people. In a related step, on April 10, 1987, the President issued Executive Order 12591, entitled "Facilitating Access to Science and Technology." The executive order directs federal agency heads to encourage collaboration among federal laboratories, state and local governments, universities, and the private sector. The Committee is interested in how many federal agencies are using these new authorities, what kinds of cooperative agreements have been signed, whether these agreements have improved the transfer of unclassified federal technology to the marketplace, and what lessons have been learned.

Second, recent patent law changes and new programs at NSF have encouraged greater research cooperation between universities and companies. In particular, NSF has provided funding for 13 university-industry Engineering Research Centers and is now hoping to start similar Science and Technology Centers. These are promising experiments in making federally-supported university research more useful to American industry, and the Committee wishes to know how well they are working.

Third, since enactment of the National Cooperative Research Act of 1984 (P.L. 98-462), DOC has actively encouraged private firms to form multicompany joint research and development ventures. Typically, several companies will pool research resources in order to develop generic, nonproprietary technology. Such arrangements can help eliminate expensive, duplicative research and appear especially useful in developing new generic process and manufacturing technologies. Since 1984 over 60 such consortia have been formed. In the past year, two of them—the National Center for Manufacturing Sciences and the Semiconductor Manufacturing Technology Institute (Sematech)—have received federal funds as well as private monies. The Committee may consider the role of DOC and other federal agencies in these efforts.

FEDERAL SUPPORT OF UNIVERSITY RESEARCH

In addition to examining how basic research in universities can aid U.S. competitiveness, the Committee also will monitor several issues

concerning both the health of U.S. research universities and federal policies for supporting university research. These issues include the state of research facilities and equipment in American universities and colleges, the use of peer review and merit review methods to award research grants, university indirect cost awards, and whether the Nation is training the needed numbers of scientists and engineers.

FEDERAL RESEARCH SUPPORT IN SPECIFIC TECHNICAL FIELDS

Federal departments and agencies spend large amounts of research funds to advance the state of the art in specific technical fields, including manufacturing, computers and electronics, and such emerging fields as superconductors, other advanced materials, biotechnology, and optical technologies. Traditionally, much of this funding has been in support of federal defense, space, and health missions; but increasingly both Congress and the executive branch have sought to direct and coordinate these efforts so that they also advance U.S. industrial competitiveness.

During 1988 the Committee will monitor these various efforts and consider hearings on several research programs.

High Performance Computing

The Committee will continue to monitor NSF's new supercomputer program. In addition, the National Science Foundation Authorization Act for Fiscal Year 1987 (P.L. 99-383) contained a Committee-authored provision directing the White House Office of Science and Technology Policy (OSTP) to report to Congress on needs and options for networking federally-supported computers, particularly supercomputers. In response, OSTP prepared a comprehensive report covering not only networking but also the research needed to ensure that the United States retains its world lead in high performance computers and software. OSTP transmitted the resulting report, "A Research and Development Strategy for High Performance Computing," to Congress on November 20, 1987. Currently, the Federal Government spends about $500 million per year on all aspects of high performance computing. The report recommends that federal agencies, in a coordinated program, spend an additional $1.740 billion in this field over five years.

Superconductors

The Federal Government currently is spending about $55 million per year on superconductivity research. In addition, the President has announced a Superconductivity Initiative and may seek new legislation in this area.

Other materials and minerals

Besides monitoring superconductivity research programs, in 1988 the Committee will also review federal efforts to develop other advanced materials, including high technology ceramics and composites, and to transfer the results of these research programs to U.S. industry. The

Committee has requested a study on advanced materials by the Office of Technology Assessment.

In addition, the Committee will continue to monitor strategic mineral issues. The United States has become increasingly dependent on foreign sources for supplies of many strategic minerals and materials critically important to national security and the economy. This problem is complicated by potential supply interruptions. Many U.S. industries also depend on foreign processing of raw materials into usable forms. The Committee developed the National Materials and Minerals Policy, Research, and Development Act of 1980 (P.L. 96-579) to establish responsibilities for addressing problems related to strategic materials. The Committee will continue to monitor this program.

Biotechnology

Biotechnology, encompassing both new classes of medical and industrial products and new production processes, has emerged as one of the most promising of the new high technology industries. Research in this area is burgeoning. The Committee monitors three aspects of biotechnology—federal research programs to advance biotechnology, particularly bioprocess engineering; the scientific information base used to make judgments about the risks and benefits of new biotechnology products; and the competitive health of the U.S. biotechnology industry. The Committee will consider hearings on these subjects as appropriate.

Other fields

In 1988 the Defense Department will contribute funds to the two new industry research consortia, the National Center for Manufacturing Sciences and Sematech. While these monies primarily support defense needs, both projects also have important implications for civilian industrial competitiveness.

OFFICE OF SCIENCE AND TECHNOLOGY POLICY

The Office of Science and Technology Policy (OSTP) was created by the National Science and Technology Policy, Organization, and Priorities Act of 1976 (P.L. 94-282). OSTP is part of the Executive Office of the President. It is headed by a Director who also serves as Science Advisor to the President.

The Committee recognizes the importance of this office in coordinating national science, technology, and engineering policy and will consider holding an oversight hearing on OSTP in 1988.

INTERNATIONAL SCIENCE AND TECHNOLOGY

U.S. science and technology policy issues increasingly have international dimensions. In 1988 the Committee will monitor three types of international issues—large international research projects, particularly the manned space station; strengthening U.S. programs to monitor and analyze foreign advances in science and technology; and the policies

and international agreements governing foreign access to U.S. science and technology and American access to foreign research.

Specific activities will include oversight of DOC's implementation of the Japanese Technical Literature Act of 1986 (P.L. 99-382); oversight of the provision in Executive Order 12591 which directs the Secretaries of State and Commerce and the Director of NSF to develop a central mechanism for the dissemination of science and technology information developed abroad; and continued monitoring of efforts by the United States and Japan to renegotiate their umbrella agreement on science and technology. The Committee will hold hearings on these subjects as appropriate.

RESEARCH ON GLOBAL CHANGE

Recent research findings suggest that human activities have begun to produce major changes in the earth's atmosphere and climate. The burning of fossil fuels and other actions appear to have created a "greenhouse effect" which increases the amount of heat retained in the atmosphere, resulting in increased melting of polar ice caps and potentially resulting in major flooding and agricultural disruptions in the next century. In addition, chlorofluorocarbons and other widely-used chemicals appear responsible for recently discovered disruptions in the ozone layers above Antarctica and elsewhere. Ozone screens out harmful ultraviolent rays from the sun; a permanent decrease in atmospheric ozone levels would lead to sharply higher numbers of skin cancers.

Because much more needs to be learned about the scientific processes involved, and because a wide number of U.S. and foreign agencies and scientists are now involved in studying these issues, interest has grown in developing coordinated national and international research programs on global change. The Federal Coordinating Council for Science, Engineering, and Technology has established a Committee on Earth Sciences to coordinate federal research efforts. The International Council of Scientific Unions has proposed an International Geosphere-Biosphere Program.

The Committee has long monitored these issues. The Committee oversees the three major federal research agencies involved in these matters—the National Oceanic and Atmospheric Administration, NASA, and NSF. The Committee also authored the principal statute in this area, the National Climate Program Act of 1978 (P.L. 95-367).

In order to encourage discussion of these research issues, the Committee authored a provision in the National Science Foundation Authorization Act for Fiscal Year 1987 (P.L. 99-383) directing the President, at the earliest practical date (but no later than August 1, 1987), to submit to the Congress a report on any action taken or proposed to be taken with respect to the establishment of an International Year of the Greenhouse Effect in 1991. The Committee continues to monitor this issue closely and will consider hearings and legislation as appropriate.

SURFACE TRANSPORTATION

INTRODUCTION

The Committee is responsible for the oversight and regulation of interstate common carriers, including railroads, trucks, buses, and pipelines with respect to economic issues and safety. In fulfilling this responsibility, the Committee authorizes funding for the Federal Railroad Safety Act, Amtrak, the Motor Carrier Safety Act, the Hazardous Liquid Pipeline Safety Act, the Natural Gas Pipeline Safety Act, and the Hazardous Materials Transportation Act. Further, the Committee exercises oversight with regard to the Interstate Commerce Commission (ICC), the Federal Railroad Administration (FRA), the Research and Special Programs Administration (RSPA), motor carrier functions within the Federal Highway Administration (FHWA), and motor carrier standards issued by the National Highway Traffic Safety Administration (NHTSA).

AUTHORIZATIONS

RAILROAD SAFETY

Rail safety has been an issue of significant concern during the 100th Congress. Widespread public attention was focused on this issue following the tragic accident on January 4, 1987 between an Amtrak train and three Conrail locomotive units near Chase, Maryland, which caused 16 deaths and over 170 injuries. This accident resulted in particular attention being given to the issues of drug and alcohol testing; tampering with safety devices on trains; the adequacy of Federal jurisdictional authority to pursue safety violations; and safety equipment on the Northeast Corridor.

The Commerce Committee has sought to utilize the lessons learned from the Chase, Maryland, accident to improve safety, and two rail safety hearings were conducted by the Surface Transportation Subcommittee during 1987 for that purpose. The first hearing investigated the Federal rail safety program, the overall level of safety within the rail industry, as well as factors relating to the Chase, Maryland, accident. A second hearing focused on legislative proposals to reauthorize funding and improve the rail safety program, including separate proposals by FRA and rail labor, as well as S. 1098, the Rail Safety Improvement Act.

Based on the Committee's hearings, consensus safety legislation was drafted and ordered reported by the Commerce Committee on July 28, 1987. On November 5, 1987, this legislation, S. 1539, the Railroad Safety Act of 1987, was approved by the full Senate on a vote of 93-0.

As approved by the Senate, this legislation reauthorizes funding for the Federal rail safety program for fiscal years 1988 and 1989; authorizes the FRA to sanction and penalize individuals (both management and labor) for violations of the Federal safety laws; increases the current maximum civil penalty for safety violations; mandates a rulemaking and program to ensure the proper training and qualifications of engineers; provides access to the National Driver Register; expedites consideration of grievance claims and authorizes punitive damages for harassment of employees reporting safety violations; ensures the eligibility of funding for certain safety-related improvements on Amtrak; requires the imposition of automatic train controls on the Northeast Corridor; and requires the certification of certain cab and locomotive inspections.

The Committee intends to work with the House, which also has passed a rail safety bill, toward the enactment this session of legislation reauthorizing funding for and strengthening the Federal rail safety program.

HAZARDOUS MATERIALS TRANSPORTATION

The Department of Transportation (DOT) is responsible for regulating the transportation of hazardous materials by motor carrier, rail, pipeline, and water. The regulation, enforcement, emergency response, information-gathering and training efforts are coordinated with other Federal agencies (the Nuclear Regulatory Commission, the Federal Emergency Management Agency, the Environmental Protection Agency, the U.S. Coast Guard, and the National Transportation Safety Board), as well as State and local authorities.

The Committee held three hearings during the first session on the Hazardous Materials Transportation Act (HMTA). These hearings will form the basis for the Committee's effort to reauthorize the HMTA this year. As part of the hearing process, the Committee reviewed the conclusions from a study that the Committee requested of the Office of Technology Assessment (OTA) regarding the adequacy of current hazardous materials transportation data, training levels for enforcement and emergency response, and container technology. According to the OTA study, over 1.5 billion tons of hazardous materials are transported annually by land, sea and air in the United States. More than half of this is carried by truck. Issues addressed by OTA and others during these hearings included the current need by State and local governments for assistance in the training of emergency responders; proposals for a Federal registration program for hazardous materials shippers and carriers; the lack of a unified Federal effort in this area resulting in States and localities seeking to implement their own often inconsistent, hazardous materials regulations and fees; the need to improve the data base on the flow of hazardous materials; and the safety of containers used to transport high-level radioactive waste and spent nuclear fuel. Also addressed at the hearings were provisions included in S. 1269, the Hazardous Materials Transportation Safety Amendments of 1987.

During this session, the Committee hopes to work towards enactment of legislation to amend the HMTA and improve hazardous materials transportation safety.

PIPELINE SAFETY

The Natural Gas Pipeline Safety Act (NGPSA) of 1968 and the Hazardous Liquid Pipeline Safety Act (HLPSA) of 1979 provide for DOT's development and enforcement of regulations to govern the safe transportation by pipeline of natural gas and hazardous liquids, such as gasoline and fuel oil. These acts also provide for State participation in the enforcement of Federal regulations governing intrastate pipelines.

On October 6, 1987 the Committee held a hearing on the pipeline safety programs for which funding authority expired on September 30, 1987. During the hearing, the Committee examined legislative proposals designed to strengthen various components of the programs, including S. 888, the Pipeline Safety Act of 1987, and H. R. 2266, the Pipeline Safety Reauthorization Act of 1987, legislation approved by the House Energy and Commerce Committee and awaiting final action by the House Public Works and Transportation Committee.

Other pipeline safety issues examined by the Committee included the adequacy of DOT's current regulatory scope; the need for mandatory one-call notification systems to alert excavators of the existence and location of underground facilities; the process and frequency of pipeline inspections and testing, including the adequacy of DOT's priority inspection program; progress in research and development projects relating to damage prevention and new inspection technologies; and the qualifications of pipeline operators and inspectors.

Another matter of interest to the Committee is the recent court challenge of the user fee created by legislation in 1986 to support the pipeline safety programs. The fee is assessed on persons operating pipeline facilities subject to the HLPSA, and pipeline transmission facilities and liquified natural gas facilities subject to the NGPSA. The suit, which is now pending in Federal Court, claims the user fee constitutes an invalid delegation of the taxing authority of Congress. The Committee will continue to monitor the progress of the case.

During the second session, the Committee expects to report and work toward enactment of legislation to reauthorize funding for, and amend the NGPSA and the HLPSA to improve, pipeline safety programs.

AMTRAK

In 1970, the Railroad Passenger Service Act was enacted, creating the National Railroad Passenger Corporation (Amtrak) in order to free the rail freight industry from the economic burden of providing ongoing passenger services, and to ensure that modern, efficient, intercity railroad passenger service would continue to be a part of the Nation's transportation system. Since that time, Amtrak has received Federal funding to help cover its operating, capital, and labor protection costs. Funding for Amtrak was most recently authorized in the Omnibus Budget Reconciliation Act of 1985, for fiscal years 1986 through 1988. For budgetary reasons, actual appropriations for Amtrak have not matched those authorized for the corporation. The authorized spending level for Amtrak for fiscal year 1988 is $630.3 million, whereas the ac-

tual appropriation level for Amtrak approved in the Continuing Resolution for fiscal year 1988 is $580.8 million, a reduction from the $602 million appropriated for Amtrak in fiscal year 1987.

The Committee expects to conduct a hearing and consider legislation during this session regarding the continued authorization of Amtrak funding. Issues that can be expected to receive consideration include the quality and adequacy of Amtrak service; the cost efficiency of Amtrak; the impact of funding cuts on Amtrak service; the need for continuation of intercity railroad passenger service as part of a national transportation system; the impact of this program on the Federal budget; and proposals by the Administration either to eliminate funding for or to privatize Amtrak.

LOCAL RAIL SERVICE ASSISTANCE

The Local Rail Service Assistance Program (LRSA), administered by the FRA, provides Federal grants to States for the purchase and/or rehabilitation of light-density rail lines which would otherwise be abandoned as unprofitable. This has provided continued rail service on many lines that would otherwise have been abandoned, particularly in recent years as railroads have utilized increased freedoms to spin off unprofitable lines.

In the Omnibus Budget Reconciliation Act of 1985, Congress approved a provision terminating funding for LRSA after fiscal year 1988. In light of the support for this program on the part of many States, the Committee may choose during the second session to review the LRSA program, giving consideration to possible reauthorization.

OVERSIGHT AND OTHER ISSUES

DRUG AND ALCOHOL TESTING LEGISLATION

Legislation requiring testing for the unlawful use of alcohol and illegal drugs by individuals employed in safety-sensitive positions within the railroad and commercial motor carrier industries (as well as certain employees within the aviation industry) has been approved by the Committee and the entire Senate as an amendment to H.R. 3051, the Airline Passenger Protection Act of 1987, which is awaiting conference committee action. This legislation was introduced to ensure that those associated with the safe conveyance of travelers are not impaired by the use of alcohol or illegal drugs. Hearings held during the 99th and first session of the 100th Congresses highlighted the threat that substance abuse poses for the transportation industry. Public attention has remained focused on this issue, most recently because of the announcement of the results of the National Transportation Safety Board investigation into the causes of the Amtrak-Conrail collision of January 4, 1987, in which it was determined that a probable cause of the accident was the Conrail engineer's impairment due to marijuana and his subsequent failure to stop his train in compliance with signals.

The legislation approved by Committee and in the Senate would seek to deter the use of alcohol and drugs through five types of testing, including random, pre-employment, post-accident, periodic recurring, and upon reasonable suspicion. It also would require the Secretary of Transportation to ensure testing procedures are developed to protect individual privacy, ensure accountability and integrity of specimens, require confirmation of all positive screening tests, mandate the use of only certified and accredited laboratories, provide for the confidentiality of test results and medical histories, and ensure nondiscriminatory and impartial testing methods. Guidelines developed by the Department of Health and Human Services to ensure accuracy in testing would be incorporated into DOT's standards. This legislation also would require the Secretary to mandate the development of rehabilitation programs for certain employees who are found to have used illegal drugs or alcohol.

Because of the importance of this legislation to the safety of the traveling public, the Committee intends to work for final enactment of this legislation early in the Second Session.

MOTOR CARRIER ADMINISTRATION IN DOT

On March 13, 1987, S. 747, a bill to establish a Motor Carrier Administration within DOT to coordinate motor carrier functions, was introduced. At present, there are separate administrations within DOT responsible for ensuring the safe operation and coordination of activities for each mode of transportation except motor carrier. S. 747 seeks to change the current organization at DOT by elevating operational responsibility for motor carrier safety and other programs from a component within the FHWA to a separate administration.

On July 15, 1987, the Committee held a hearing on S. 747. The Committee on November 19, 1987 ordered the bill, as amended, to be reported favorably.

The Committee expects S. 747 will be considered by the full Senate early during the second session.

MOTOR CARRIER SAFETY

Truck and bus safety has been an issue of continuing concern to the Committee. In late 1986, Congress passed the Commercial Motor Vehicle Safety Act of 1986 (P.L. 99-570), which requires the formation of a national uniform system for licensing commercial drivers. This legislation outlines a number of procedures which State licensing agencies must utilize, including: minimum testing standards, stiff penalties for those who operate trucks or buses under the influence of drugs or alcohol, and development of a one-license, one-record system for commercial drivers. Additionally, there was a significant increase in the funding available for State motor carrier safety inspection grants. In 1984, the Congress enacted the Motor Carrier Safety Act of 1984 (P.L. 98-554), which requires, among other things, annual inspections of trucks and buses and safety fitness ratings of motor carriers.

Over 5,000 Americans continue to be killed in heavy truck and bus accidents each year. On March 26, 1987, S. 861 was introduced in an effort to further address this situation. This bill, the "Truck and Bus Safety Act of 1987", would eliminate the commercial zone exemption from the Federal Motor Carrier Safety Regulations. Currently, trucks and buses operating within certain defined metropolitan areas are exempt from these regulations. S. 861 also would require DOT to initiate rulemaking proceedings on the need to adopt methods for better monitoring truck drivers' compliance with hours of service regulations, such as the use of onboard monitoring devices, and on the need to adopt methods for improving truck braking performance, including an examination of antilock systems.

On July 15, 1987, the Committee held a hearing on this legislation and addressed general oversight issues related to motor carrier safety. On November 19, 1987, the Committee ordered the bill, as amended, to be reported favorably.

The Committee expects S. 861 will be considered by the full Senate early during the second session. During the second session, the Committee also intends to hold oversight hearings on the implementation of the Motor Carrier Safety Assistance Program, various motor carrier safey-related rulemakings, the conclusions from a Committee-endorsed study by OTA assessing motor carrier safety, and DOT's implementation of the Commercial Motor Vehicle Safety Act of 1986 and the Motor Carrier Safety Act of 1984.

STAGGERS RAIL ACT OF 1980

In 1980, Congress enacted the Staggers Rail Act in an effort to revitalize the rail industry, which had been in a state of decline for several decades. The Staggers Rail Act was intended to give the railroads the regulatory freedom to respond to changing economic conditions in the marketplace, while promoting competition within the rail industry and retaining regulatory protection where competition is not sufficient to ensure continued rail service at reasonable rates.

Most railroads and shippers would agree that the Staggers Act has resulted in an improved economic picture for the rail industry. Concerns continue to exist regarding the financial well-being of the industry due to intense competition from the trucking industry and other factors, and because railroads earn relatively low rates of return on their rail operations. The widespread concerns about the demise or nationalization of the industry which existed in the 1970's no longer exist in 1988, however. Private investment in the rail industry is looked upon with greater favor. For example, the Federal government's 85 percent interest in Conrail, which was created to ensure continued rail service in the Northeast following the failure of the Penn Central and other railroads, was sold to the private sector in April of 1987 for $1.645 billion.

Under the Staggers Act, many shippers have seen an improvement in service and a decline in rates in real terms. Using Staggers freedoms, the railroads and shippers have negotiated more than 65,000 contracts

and more than 60 percent of all rail coal and grain traffic moves under such contracts. However, improvements in the rail industry have not come without criticism. Today there are a third fewer employees within the rail industry than there were in 1980, and some communities have lost service on account of the service freedoms extended to the industry in 1980. Certain shippers have also complained that the ICC has failed to enforce the captive shipper and other protections contained within the Staggers Rail Act.

In each Congress since 1980, the Committee has conducted hearings monitoring the effects of the Staggers Rail Act. During June of 1987, three hearings were held for this purpose. The first of these hearings provided an overview of the financial health of the rail industry, the second reviewed the ICC's implementation of the Staggers Rail Act and the third reviewed legislative proposals to amend the Act, including S. 676, the Consumer Rail Equity Act. Witnesses testifying during the course of these hearings included representatives from the financial sector, consumers, the rail industry, rail labor, shippers, States, the ICC and FRA.

Based on the outcome of the series of hearings held during the first session and in previous Congresses, the Committee will continue to monitor the Staggers Act and the ICC's implementation of it. Efforts are also under way to reconcile differences that exist between interested parties with respect to legislative proposals to amend the Act.

RAILROAD LINE SALES

In recent years, there has been a marked increase in the number of shortline and regional railroads. Since 1980, nearly 200 such railroads have been formed. This proliferation is the result of restructuring within the rail industry as large railroads have sold lines, many of which are only marginally profitable, to shortline and regional railroads. Shortline and regional carriers are typically able to operate these lines with greater flexibility than Class I carriers.

The growth of shortline and regional railroads has been furthered by procedures adopted by the ICC to exempt these transactions from the extensive and time-consuming pre-approval requirements placed on traditional line sales. The ICC has also chosen not to impose labor protection in these transactions, based on the rationale that the imposition of labor protection would kill these transactions, resulting in increased abandonments.

Line sales and the procedures which have facilitated these sales have been controversial. The rail industry supports the flexibility offered by line sales and shippers often view these sales as positive alternatives to abandonments. On the other hand, rail labor has charged that these sales are being used to circumvent collective bargaining agreements and have resulted in a decrease in employment within the industry.

Interest in the ICC's exemption process and labor protection has grown during the 100th Congress as transactions of increasingly large scope have taken place. Litigation is currently pending in the U.S. Court of Appeals alleging the primacy of the Railway Labor Act in

these transactions. A rulemaking is also pending before the ICC regarding proposals for a more lengthy review process for certain of these sales.

During the second session the Committee intends to follow closely the line sale and labor protection issues, with particular attention to decisions by the ICC and the Federal courts and with regard to the impact of these transactions on the public and interested parties.

TRANSPORTATION BROKERS

During the first session, the Committee held an oversight hearing regarding transportation property brokers. Brokers act as middlemen in transactions between shippers and carriers. The hearing focused primarily on their dealings with the trucking industry.

The Motor Carrier Act of 1980 eased entry requirements for licensed transportation property brokers. Eased entry requirements for motor carriers resulted in a large influx of new, independent carriers in the trucking industry. These new carriers are often small in size and can have greater needs for middlemen to secure a shipper's business than previously existed for more established carriers with larger staffs. Brokers match shippers who have freight to move and carriers who want to move it. The ability of brokers to meet these needs, combined with relaxed entry requirements for brokers, has resulted in a growth in the number of licensed brokers from less than 100 prior to passage of the Motor Carrier Act to more than 6,000 today.

The Committee will continue to follow developments within the brokerage industry, as well as developments by other middlemen who perform functions similar to licensed brokers. Inasmuch as the Committee's oversight hearing included testimony alleging abusive practices on the part of certain transportation brokers, the Committee will continue to follow this issue with an eye towards any abuses that might be occurring, industry self-regulation, and the ICC's regulation of licensed transportation brokers.

MOTOR CARRIER ACT OF 1980

In the Motor Carrier Act of 1980, Congress eased entry requirements, limited rate-making authority and expanded business opportunities for the trucking industry. The ICC was given continued regulatory authority with respect to promoting competition, maintaining fair working conditions and ensuring service to small communities. Passage of the Motor Carrier Act has resulted in an influx of new entrants in the trucking industry, additional transportation alternatives for certain shippers, and strong competitive pressures within the trucking industry.

During the second session of the 100th Congress, the Committee will continue to review the impact on the Motor Carrier Act insofar as service, pricing, safety and competition are concerned, as well as proposals for further modifications in the national motor carrier policy.

NOMINATIONS

INTERSTATE COMMERCE COMMISSION

Since 1986, the membership of the ICC has been composed of five commissioners serving five year terms. The terms of two commissioners expired December 31, 1987. The Committee has before it the renomination request by the President for one sitting commissioner and anticipates receiving the referral of a second nomination this year. Additionally, the term of the Chairman is due to expire December 31, 1988.

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